AUSTASIA

AustAsia Group Ltd.
澳亞集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

Stock Code: 2425

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司

DBS

Joint Bookrunners and Joint Lead Managers

Daiwa Capital Markets

農銀國際 ABC INTERNATIONAL

交銀國際 BOCOM International

富途證券

Joint Lead Manager

元庫證券 Silverbricks Securities

* For identification purpose only

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

AustAsia Group Ltd.
澳亞集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**30,640,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**3,064,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**27,576,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$7.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Stock Code	**:**	**2425**

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司 DBS

Joint Bookrunners and Joint Lead Managers

Daiwa Capital Markets 農銀國際 ABC INTERNATIONAL 交銀國際 BOCOM International 富途證券

Joint Lead Manager

元庫證券 Silverbricks Securities

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

A copy of this prospectus, having attached thereto the documents specified in "*Appendix VI – Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display*", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or about Wednesday, 21 December 2022 and, in any event, not later than Thursday, 29 December 2022. The Offer Price will not be more than HK$7.00 per Offer Share and is expected to be not less than HK$5.79 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 29 December 2022 between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares may be offered, sold or delivered (a) in the United States only to persons who are QIBs in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act and (b) outside the United States in offshore transactions in accordance with Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "*Risk Factors*". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "*Underwriting*".

* *For identification purpose only*

16 December 2022

Your application must be for a minimum of 1,000 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

AustAsia Group Ltd. (HK$7.00 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
1,000	7,070.55	15,000	106,058.25	80,000	565,643.96	500,000	3,535,274.75
2,000	14,141.10	20,000	141,410.99	90,000	636,349.46	600,000	4,242,329.70
3,000	21,211.65	25,000	176,763.74	100,000	707,054.95	700,000	4,949,384.65
4,000	28,282.20	30,000	212,116.49	150,000	1,060,582.43	800,000	5,656,439.60
5,000	35,352.75	35,000	247,469.24	200,000	1,414,109.90	900,000	6,363,494.55
6,000	42,423.29	40,000	282,821.98	250,000	1,767,637.38	1,000,000	7,070,549.50
7,000	49,493.84	45,000	318,174.73	300,000	2,121,164.85	1,100,000	7,777,604.45
8,000	56,564.39	50,000	353,527.48	350,000	2,474,692.33	1,200,000	8,484,659.40
9,000	63,634.94	60,000	424,232.97	400,000	2,828,219.80	1,300,000	9,191,714.35
10,000	70,705.50	70,000	494,938.47	450,000	3,181,747.28	1,532,000[(1)]	10,832,081.84

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE[1]

Hong Kong Public Offering commences . . . . .9:00 a.m. on Friday, 16 December 2022

Latest time for completing electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Wednesday, 21 December 2022

Application lists open[3] . . . . .11:45 a.m. on Wednesday, 21 December 2022

Latest time for (a) completing payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]. . . . . .12:00 noon on Wednesday, 21 December 2022

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3] . . . . .12:00 noon on Wednesday, 21 December 2022

Expected Price Determination Date[5]. . . . . .Wednesday, 21 December 2022

(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk**[6] and the Company at **www.austasiadairy.com**[6] on or before . . . . .Thursday, 29 December 2022

(2) Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in "*How to Apply for Hong Kong Offer Shares – D. Publication of Results*" from . . . . .Thursday, 29 December 2022

Despatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7] . . . . Thursday, 29 December 2022

Despatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8] . . . . .Thursday, 29 December 2022

Effective date and time of the Japfa Distribution. . . . . As soon as practicable after 8:00 a.m. on Friday, 30 December 2022, but prior to the Listing

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Friday, 30 December 2022
Despatch of the Election Notice to Entitled Japfa Shareholders on or before	Thursday, 5 January 2023
Deadline for submission of Election Notice and end of the Election Period	Thursday, 19 January 2023
Expected commencement of trading of Shares for Entitled Japfa Shareholders who have elected to receive Shares through their respective brokerages	Monday, 30 January 2023
Completion of sale of Shares for Entitled Japfa Shareholders who opted for the Sale Election and/or Japfa Overseas Shareholders by	Friday, 31 March 2023

Notes:

(1) All dates and times refer to Hong Kong dates and times.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 21 December 2022, the application lists will not open and close on that day. See "*How to Apply for Hong Kong Offer Shares*".

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your broker or custodian to apply on your behalf via CCASS should refer to "*How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 6. Applying Through **CCASS EIPO** Service*" in this prospectus.

(5) The Price Determination Date is expected to be on or about Wednesday, 21 December 2022 and, in any event, not later than Thursday, 29 December 2022. If, for any reason, the Offer Price is not agreed by Thursday, 29 December 2022 between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Friday, 30 December 2022, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "*Structure of the Global Offering*" and "*How to Apply for Hong Kong Offer Shares*", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Japfa Distribution and the Global Offering will not proceed. In such a case, the Company will make an announcement as soon as practicable thereafter.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. Neither the Company nor any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company or any of the Relevant Persons.

CONTENTS

This summary is intended to provide you with an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide whether to invest in the Offer Shares. Some of the particular risks of investing in the Shares are set out in "Risk Factors" and you should read that section carefully before you decide to invest in the Shares.

OVERVIEW

We are one of the top five dairy farm operators in China, ranking third, fourth and fifth among all dairy farm operators in China in terms of sales volume, sales value and production volume of raw milk in 2021, with a market share of 1.6%, 1.8% and 1.7%, respectively, according to Frost & Sullivan. We provide premium raw milk to a well-diversified customer base of downstream dairy product manufacturers. We have a diverse customer base, ranging from leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), Junlebao (君樂寶), New Hope Dairy (新希望乳業), Jiabao (佳寶) and Classykiss (卡士)), to emerging dairy brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)), and we are not reliant on our Controlling Shareholders as our downstream customers. We are valued by our customers for our stable supply of high-quality and traceable raw milk in a large scale, which has enabled our customers to promote their various high-end milk product offerings catering to end customers. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we produced approximately 565,400 tons, 582,800 tons, 638,800 tons, 298,300 tons and 359,200 tons of raw milk.

We are the first dairy farm operator in China to design, build and operate large-scale and standardised dairy farms with over 10,000 heads of dairy cows, according to Frost & Sullivan. Leveraging the know-how and expertise gained from our parent Japfa Group's experience in Indonesia since 1997, we commenced our own dairy farming operations in China in 2009. As of the Latest Practicable Date, we owned and operated ten dairy farms in China, with an aggregate gross land area of approximately 14,657 mu. As of 30 June 2022, we had a total herd size of 111,424 heads of dairy cows, 57,383 of which were milkable cows.

We have achieved and consistently maintain high operational efficiency and product quality as evidenced by the average milk yield we achieved. According to Frost & Sullivan, we have been ranked No. 1 in China in terms of average milk yield per milkable cow, the key indicator of the productivity and efficiency of dairy farms, for seven consecutive years from 2015 to 2021. In 2021, our annualised average milk yield per milkable cow reached 12.7 tons/year, far exceeding the industry average of 8.7 tons/year and the average of the top five dairy farm operators in terms of annualised average milk yield per milkable cow in China of 11.5 tons/year. In terms of individual dairy farm ranking in 2019, 2020 and 2021, we had six, seven and five dairy farms, respectively, ranked among the top ten large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow, according to Frost & Sullivan. Our raw milk quality has continuously surpassed market standards based on various key quality indicators such as fat content, protein content, aerobic plate count and somatic cell count.

We have established an integrated and synergistic business model. Driven by the increasing demand for beef in China, we have developed our beef cattle business in China since 2018. We leverage the established standard operating procedures and experience from our dairy farming operations to build our beef cattle farming operations. We have further improved the productivity of our beef cattle and achieved cost efficiencies through economies of scale and optimisation of resources such as shared land and our team of technical experts. As of 30 June 2022, we owned and operated two large-scale beef cattle feedlots in China with 28,152 heads of beef cattle, 26,566 of which were Holstein beef cattle. According to Frost & Sullivan, we were the eleventh largest beef cattle farming company in China in terms of the number of beef cattle as of 31 December 2021, with a market share of 0.03%.

We are committed to building a sustainable business and minimising our operational impact on the environment. We have adopted a series of comprehensive and effective measures to identify, assess, manage and reduce the risk relating to environmental, social and governance ("**ESG**") issues. Our farms are equipped with waste recycling and treatment facilities as well as technology to reduce greenhouse gas ("**GHG**") and air emissions. We also aim to reduce the average GHG emission per ton of raw milk produced by improving our operational efficiency and milk yield. We also place significant importance on animal welfare, as we believe that happy cows and cattle produce more milk and meat of a higher quality.

We have experienced rapid growth over the Track Record Period. The increase in China's milk consumption and the emergence of new dairy brands in recent years has driven demand for premium dairy products and quality raw milk supply. In addition, the increased demand for beef in China has driven demand for our beef cattle. Our revenue from continuing operations increased from US$351.5 million in 2019 to US$521.9 million in 2021, representing a CAGR of 21.9%, and increased by 15.4% from US$241.2 million in the six months ended 30 June 2021 to US$278.3 million in the six months ended 30 June 2022. Our EBITDA from continuing operations, a non-IFRS measure, was US$104.4 million, US$130.4 million, US$149.9 million, US$99.2 million and US$57.8 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Our net profit from continuing operations was US$74.6 million, US$99.1 million, US$104.6 million, US$80.0 million and US$29.8 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Our adjusted net profit, a non-IFRS measure, was US$75.5 million, US$104.0 million, US$120.6 million, US$85.9 million and US$41.3 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. See "*Financial Information – Non-IFRS Financial Measure*s".

The Listing will constitute a spin-off from Japfa, which is listed on the Mainboard of the SGX-ST. Japfa is the holding company of the Japfa Group, which is a pan-Asian industrialised agri-food group with operations in Indonesia, Vietnam, India, Myanmar and Bangladesh.

OUR BUSINESS MODEL AND PRODUCTS

We have two main business segments, namely our raw milk business and beef cattle business. We also engage in an ancillary business, namely the sales of milk products under our own brand "澳亞牧場 AustAsia". Our integrated farming model includes (i) dairy cow breeding and farming, raw milk production, and sales of raw milk, and (ii) beef cattle breeding and farming, and sales of beef cattle.

The following table sets forth the components of our revenue from continuing operations by business segments for the periods indicated:

	For the year ended 31 December						**For the six months ended 30 June**			
	2019		**2020**		**2021**		**2021**		**2022**	
	(US$ million, except for percentages)						*(unaudited)*			
Raw milk business	315.6	89.8%	349.8	86.4%	438.0	83.9%	203.0	84.2%	242.3	87.1%
Beef cattle business	22.2	6.3%	43.0	10.6%	50.5	9.7%	24.6	10.2%	25.0	9.0%
Ancillary business	13.7	3.9%	12.0	3.0%	33.4	6.4%	13.6	5.6%	11.0	3.9%
Total	**351.5**	**100.0%**	**404.8**	**100.0%**	**521.9**	**100.0%**	**241.2**	**100.0%**	**278.3**	**100.0%**

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	Gross profit/ (loss)	Gross profit/ (loss) margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(US$'000, except for percentages)									
							(unaudited)			
Raw milk business	108,128	34.3	128,253	36.7	153,770	35.1	70,352	34.7	65,959	27.2
Beef cattle business	13,460	60.5	21,850	50.8	19,590	38.8	9,280	37.7	1,020	4.1
Ancillary business	(27)	(0.2)	107	0.9	2,537	7.6	970	7.1	1,131	10.3
Total	**121,561**	**34.6**	**150,210**	**37.1**	**175,897**	**33.7**	**80,602**	**33.4**	**68,110**	**24.5**

Raw Milk Business

We breed and raise dairy cows on our large-scale dairy farms, and sell raw milk to downstream dairy product manufacturers in China for further processing into premium dairy products. Our well-diversified customer base includes (i) leading national and regional dairy product manufacturers, which contributed approximately 83% and 81% of our total revenue from raw milk business in 2021 and the six months ended 30 June 2022; and (ii) emerging dairy brands, which contributed approximately 15% and 16% of our total revenue from raw milk business in 2021 and the six months ended 30 June 2022.

The following table sets forth the sales amount, sales volume, average selling prices and gross profit margin of our raw milk for the periods indicated:

<table>
<tr><td></td><td colspan="15">For the year ended 31 December</td><td colspan="10">For the six months ended 30 June</td></tr>
<tr><td></td><td colspan="5">2019</td><td colspan="5">2020</td><td colspan="5">2021</td><td colspan="5">2021</td><td colspan="5">2022</td></tr>
<tr><td></td><td>Sales amount</td><td>Sales volume</td><td colspan="2">Average selling price[(1)]</td><td>Gross profit margin</td><td>Sales amount</td><td>Sales volume</td><td colspan="2">Average selling price[(1)]</td><td>Gross profit margin</td><td>Sales amount</td><td>Sales volume</td><td colspan="2">Average selling price[(1)]</td><td>Gross profit margin</td><td>Sales amount</td><td>Sales volume</td><td colspan="2">Average selling price[(1)]</td><td>Gross profit margin</td><td>Sales amount</td><td>Sales volume</td><td colspan="2">Average selling price[(1)]</td><td>Gross profit margin</td></tr>
<tr><td></td><td>US$'000</td><td>Tons</td><td>US$/ton</td><td>RMB/ton</td><td>%</td><td>US$'000</td><td>Tons</td><td>US$/ton</td><td>RMB/ton</td><td>%</td><td>US$'000</td><td>Tons</td><td>US$/ton</td><td>RMB/ton</td><td>%</td><td>US$'000
(unaudited)</td><td>Tons</td><td>US$/ton</td><td>RMB/ton</td><td>%</td><td>US$'000</td><td>Tons</td><td>US$/ton</td><td>RMB/ton</td><td>%</td></tr>
<tr><td>Raw milk</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Inter-segment sales[(2)]</td><td>7,565</td><td>14,544</td><td>520</td><td>3,586</td><td>24.6</td><td>7,423</td><td>13,296</td><td>558</td><td>3,849</td><td>27.4</td><td>21,295</td><td>35,672</td><td>597</td><td>3,849</td><td>18.2</td><td>9,462</td><td>15,992</td><td>592</td><td>3,827</td><td>18.3</td><td>5,789</td><td>9,786</td><td>592</td><td>3,849</td><td>11.5</td></tr>
<tr><td>External sales</td><td>315,586</td><td>533,787</td><td>591</td><td>4,076</td><td>34.3</td><td>349,834</td><td>551,812</td><td>634</td><td>4,371</td><td>36.7</td><td>438,038</td><td>589,769</td><td>743</td><td>4,789</td><td>35.1</td><td>202,982</td><td>277,976</td><td>730</td><td>4,723</td><td>34.7</td><td>242,302</td><td>337,989</td><td>717</td><td>4,664</td><td>27.2</td></tr>
</table>

Notes:

(1) Based on the following exchange rates: US$1=RMB6.8944 for 2019; US$1=RMB6.8946 for 2020; US$1=RMB6.4474 for 2021; US$1=RMB6.4682 for the six months ended 30 June 2021; and US$1=RMB6.5058 for the six months ended 30 June 2022. While our presentation currency is the United States dollar, contracts for the sales of our raw milk are denominated in Renminbi.

(2) Inter-segment sales consist of sales from our raw milk business segment to our ancillary business segment, and accordingly we eliminate these inter-segment sales from the relevant revenue and cost of sales. The price for inter-segment sales is determined by referencing to the market price and deducting certain costs and expenses which are not applicable to inter-segment sales.

The growth in the sales volume of raw milk during the Track Record Period was mainly driven by an increase in our milkable cows as our heifers matured, an increase in our annualised average milk yield per milkable cow, and the acquisition of the Pure Source dairy farms in 2021. The increase in the average selling price of raw milk from 2019 to 2021 was driven by the raw milk supply and demand dynamics in the market. Gross profit margin of raw milk increased from 34.3% in 2019 to 36.7% in 2020, primarily due to (i) a 7.3% increase in the average selling price of our raw milk and (ii) a 1.6% increase in our annualised average milk yield per milkable cow from 12.6 tons in 2019 to 12.8 tons in 2020. Gross profit margin of raw milk decreased to 35.1% in 2021 mainly because (i) the Pure Source dairy farms we acquired in 2021 were still at ramp up stage and had a lower gross profit margin as compared to our other dairy farms due to lower utilisation rate, and (ii) there was a 19.1% increase in average feeding costs per ton of raw milk sold in 2021 compared to 2020. Gross profit margin of raw milk decreased from 34.7% in the six months ended 30 June 2021 to 27.2% in the six months ended 30 June 2022, primarily due to (i) a 12.7% increase in average feeding costs per ton of raw milk sold, (ii) lower utilisation rate at the Pure Source dairy farms we acquired in 2021 that were still in ramp up stage, resulting in a lower gross profit margin as compared to our other dairy farms and (iii) a 1.8% decrease in average selling price of raw milk. The feeding costs for our raw milk business were US$155.9 million, US$169.6 million, US$223.4 million, US$104.3 million and US$139.2 million, representing 49.4%, 48.5%, 51.0%, 51.4% and 57.4% of revenue from our raw milk business in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, respectively. As of 30 June 2022, the utilisation rates of Pure Source dairy farms (Farm 9 and Farm 10) were 74.7% and 79.0%, which were the lowest among all of our dairy farms.

Beef Cattle Business

We started our beef cattle farming operations in 2018, pursuing the rapidly increasing demand for beef products in China. We raise beef cattle on our large-scale beef cattle feedlots, and sell beef cattle to food service companies in China (such as Zuo Ting You Yuan (左庭右院)) and premium beef processors for further processing into beef products. Our beef cattle business operates synergistically with our raw milk business. By using steers from our dairy cow herd for beef cattle stock, we are able to utilise the resources of our raw milk business to develop our beef cattle business and achieve synergies.

The following table sets forth the sales amount, sales volume, average selling prices and gross profit margin of our beef cattle for the periods indicated. We do not have inter-segment sales in our beef cattle business.

	For the year ended 31 December															For the six months ended 30 June									
	2019					2020					2021					2021					2022				
	Sales amount	Sales volume(1)	Average selling price(2)		Gross profit margin	Sales amount	Sales volume(1)	Average selling price(2)		Gross profit margin	Sales amount	Sales volume(1)	Average selling price(2)		Gross profit margin	Sales amount	Sales volume(1)	Average selling price(2)		Gross profit margin	Sales amount	Sales volume(1)	Average selling price(2)		Gross profit margin
	US$'000	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000 (unaudited)*	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*%*
Beef cattle																									
External sales	22,236	5,159	4,310	29,716	60.5	43,003	9,118	4,716	32,515	50.8	50,500	9,285	5,439	35,065	38.8	24,612	4,352	5,655	36,578	37.7	25,037	4,933	5,075	33,017	4.1

Notes:

(1) Our Holstein finishers typically weigh 0.63 ton to 0.67 ton per head.

(2) Based on the following exchanges rate: US$1=RMB6.8944 for 2019; US$1=RMB6.8946 for 2020; US$1=RMB6.4474 for 2021; US$1=RMB6.4682 for the six months ended 30 June 2021; and US$1=RMB6.5058 for the six months ended 30 June 2022. While our presentation currency is the United States dollar, contracts for the sales of our beef cattle are denominated in Renminbi.

The growth in the sales volume of beef cattle during the Track Record Period was mainly driven by an increase in our beef cattle herd size and increasing demand for beef. The increase in the average selling price of beef cattle from 2019 to 2021 was driven by the increased shortfall in beef supply in the market. The average selling price of our beef cattle decreased by 10.3% in the six months ended 30 June 2022 compared to the same period in 2021, which was primarily due to (i) lower demand for beef associated with restaurant closures during the city- or district-wide lock-down in various parts of China in March, April and May 2022, and (ii) the increased proportion of our beef cattle sold in Inner Mongolia, which had a lower average selling price than our beef cattle sold in Shandong. We revalued our unsold beef cattle as of the end of the reporting period and our beef cattle being sold at the time of sale using the actual selling price. Changes in fair value by revaluing the beef cattle being sold are recorded as our cost of sales. As a result, for any given period, the gross profit of our beef cattle business equals the sum of (i) unrealised fair value gains of beef cattle that remains unsold during the period; and (ii) realised fair value gains of beef cattle sold during the period. See "*Financial Information – Major Factors Affecting our Results of Operations and Financial Condition – Changes in Fair Value of Biological Assets*" for details. Such fair value gains were primarily affected by the feeding costs and the average selling price of our beef cattle. We recorded gains arising from changes in fair value less costs to sell of beef cattle of US$13.5 million, US$21.9 million, US$19.6 million, US$9.3 million and US$1.0 million in 2019, 2020, 2021 and six months ended 30 June 2021 and 2022, respectively. The decrease in gross profit margin of beef cattle during the Track Record Period was primarily due to increases in feeding costs. The feeding costs for our beef cattle business were US$9.9 million, US$17.1 million, US$23.3 million, US$10.1 million and US$13.7 million, representing 44.3%, 39.7%, 46.2%, 41.1% and 54.8% of revenue from our beef cattle business in 2019, 2020, 2021 and six months ended 30 June 2021 and 2022, respectively. The average feeding costs per ton of beef cattle sold increased by 45.0% during the Track Record Period. The average purchase price of our main feed and feed additives for our beef cattle business was RMB1.8/kg, RMB1.9/kg, RMB2.0/kg, RMB2.2/kg and RMB2.5/kg for the same periods.

Dongying AustAsia Beef (formerly Dongying Japfa Beef Co. Ltd.), which operates our beef cattle business, was transferred from the Japfa Group to us on 27 April 2020.

Ancillary Business

In addition to our two main business segments, we also sell milk products under our own brand "澳亞牧場 AustAsia" to large-scale cafes, milk tea stores, bakeries and refreshment chains in China.

The following table sets forth the sales amount, sales volume, average selling prices and gross profit margin of our ancillary products for the periods indicated. We do not have inter-segment sales in our ancillary business.

	For the year ended 31 December																	
	2019					2020					2021							
	Sales amount	Sales volume	Average selling price[1]		Gross profit/ (loss) margin	Sales amount	Sales volume	Average selling price[1]		Gross profit margin	Sales amount	Sales volume	Average selling price[1]		Gross profit margin			
	US$'000	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*%*			
Ancillary business																		
External sales	13,683	14,153	967	6,665	(0.2)	11,955	12,398	964	6,648	0.9	33,383	31,524	1,059	6,828	7.6			

	For the six months ended 30 June									
	2021					2022				
	Sales amount	Sales volume	Average selling price[1]		Gross profit margin	Sales amount	Sales volume	Average selling price[1]		Gross profit margin
	US$'000 (unaudited)	*Tons*	*US$/ton*	*RMB/ton*	*%*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*%*
Ancillary business										
External sales	13,572	13,134	1,033	6,682	7.1	10,952	10,654	1,028	6,688	10.3

Note:

(1) Based on the following exchanges rate: US$1=RMB6.8944 for 2019; US$1=RMB6.8946 for 2020; US$1=RMB6.4474 for 2021; US$1=RMB6.4682 for the six months ended 30 June 2021; and US$1=RMB6.5058 for the six months ended 30 June 2022. While our presentation currency is the United States dollar, contracts for the sales of our branded milk products are denominated in Renminbi.

The fluctuations in the sales volume, average selling price and gross profit/(loss) margin of ancillary business were mainly due to our shift of focus from business-to-customer ("**B2C**") business to business-to-business ("**B2B**") business and the change of product mix.

Acquisitions and Disposals

In April 2020, in order to focus our resources on our business in the PRC, we restructured our business by disposing of our entire interest in GDS, which comprised certain wholly-owned subsidiaries operating the South East Asia business, to Japfa. Results of such discontinued operation were presented as a separate line item as "Loss for the year from a discontinued operation" in the consolidated statements of profit or loss. In 2019 and 2020, we recorded a loss for the year from a discontinued operation of approximately US$7.1 million and US$3.2 million.

On 30 June 2021, we completed the acquisition of 100% of the equity interest of Falcon Dairy Holdings Limited for a cash consideration of US$123.5 million, whose PRC subsidiary Pure Source Dairy owns two dairy farms in Shandong, China. For details, see "*History and Corporate Structure – Acquisitions and Disposals*" and Note 36 to the Accountants' Report included in Appendix I to this prospectus. The acquisition of the Pure Source dairy farms lowered our gross profit margin of raw milk business as they were still in ramp up stage and had a lower gross profit margin compared to our other dairy farms due to their lower utilisation rates.

STRENGTHS

We believe that we have the following competitive strengths which enable us to take advantage of current and future growth opportunities:

- Pioneer in the high-growth dairy sector driven by increasing demand and premiumisation;
- Deep expertise in large-scale farm operations and relentless pursuit of operational excellence;
- Proven and synergistic business model with high growth prospects;
- Advanced breeding technology adopted to improve genetic traits and productivity;
- Strong and stable financial performance; and
- Experienced management team with proven track record bolstered by strong shareholder support.

STRATEGIES

We focus on creating long-term value for our stakeholders in a responsible and sustainable way. To achieve our mission, we intend to pursue a comprehensive strategy focused on the following:

- Further expand our dairy farms and diversify our customer base;
- Continue to develop our beef cattle business;
- Upstream integration through genetic breeding technology to further improve our operational efficiency; and
- Build a sustainable business with minimal environmental impact.

OUR DAIRY FARMS

During the Track Record Period, we expanded our business by building and acquiring new dairy farms. The number of our dairy farms in operation increased from eight in 2019 to ten as of 30 June 2022. As of the Latest Practicable Date, we owned and operated ten large-scale dairy farms across China in Shandong and Inner Mongolia, with an aggregate gross land area of approximately 14,657 mu.

We carefully select the location of our dairy farms based on factors including climate, optimal environmental parameters and proximity to customers. Three of our dairy farms are strategically located within the "Golden Raw Milk Belt" in Inner Mongolia, which is situated in an ideal latitude zone for dairy farming. The mild climate and rich natural resources within the Golden Raw Milk Belt, such as wide grasslands, ample feed and abundance of fresh water, generate high milk yield and quality. Seven of our dairy farms are in Shandong and are strategically located in close proximity to both major dairy products processing plants and major dairy consumption markets. We also take into account ancillary land for feed plantations to provide a stable supply of high quality feed and achieve effective integration and synergies across feed plantations and dairy farming.

The following table sets forth the locations of our dairy farms in operation as of 30 June 2022:

Region	Geographic Location	Name of Dairy Farm	Self-built / Acquired
Shandong	Dongying City	Dongying AustAsia Dairy Farm ("**Farm 1**")	Self-built
		Dongying Xianhe AustAsia Dairy Farm ("**Farm 3**")	Self-built
		Dongying Shenzhou AustAsia Dairy Farm ("**Farm 4**")	Self-built
		Dongying Shenzhou AustAsia Dairy Farm Xinhu Branch ("**Farm 5**")	Self-built
	Tai'an City	Tai'an AustAsia Dairy Farm ("**Farm 2**")	Self-built
	Dezhou City	Pure Source Farm 1 ("**Farm 9**")	Acquired
		Pure Source Farm 2 ("**Farm 10**")	Acquired
Inner Mongolia	Chifeng City	Chifeng AustAsia Dairy Farm ("**Farm 6**")	Self-built
		Chifeng AustAsia Dairy Farm Zhagasitai Branch ("**Farm 7**")	Self-built
		Chifeng AustAsia Dairy Farm Tongxi Branch ("**Farm 8**")	Self-built

The following table sets forth certain operating data for our dairy farms in operation for the periods indicated or as of the dates indicated:

Region	Size	Designated capacity				Number of milkable cows				Number of calves and heifers[(1)]				Utilisation rate[(2)]				Annualised average milk yield per milkable cow			
	As of 30 June	As of 31 December			As of 30 June	As of 31 December			As of 30 June	As of 31 December			As of 30 June	As of 31 December			As of 30 June	For the year ended 31 December			For the six months ended 30 June
	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
	(mu)	*(number of dairy cows)*				*(head)*				*(head)*								*(tons/year)*			
Shandong	**9,715**	**56,000**	**56,000**	**72,000**	**72,000**	**32,173**	**32,754**	**36,511**	**38,714**	**23,725**	**24,678**	**29,330**	**29,703**	**99.8%**	**102.6%**	**91.4%**	**95.0%**	**12.3**	**12.5**	**12.6**	**13.0**
Farm 1	760	8,000	8,000	8,000	8,000	6,314	6,309	6,244	6,687	1,905	1,840	2,133	1,715	102.7%	101.9%	104.7%	105.0%	11.9	12.3	13.0	12.9
Farm 2	1,331	11,000	11,000	11,000	11,000	6,481	6,548	6,418	6,375	4,003	3,823	4,066	4,087	95.3%	94.3%	95.3%	95.1%	11.7	12.0	12.4	13.4
Farm 3	1,653	12,000	12,000	12,000	12,000	6,347	6,504	6,514	6,035	5,809	6,364	5,830	6,355	101.3%	107.2%	102.9%	103.3%	12.2	12.4	12.7	12.8
Farm 4	1,512	13,000	13,000	13,000	13,000	6,620	6,760	6,573	6,852	6,288	6,327	6,108	5,687	99.3%	100.7%	97.5%	96.5%	12.7	12.9	12.8	13.2
Farm 5	2,304	12,000	12,000	12,000	12,000	6,411	6,633	6,551	6,778	5,720	6,324	5,470	5,547	101.1%	108.0%	100.2%	102.7%	12.9	13.1	12.9	12.8
Farm 9[(3)]	876	–	–	8,000	8,000	–	–	1,423	2,859	–	–	2,839	3,117	0.0%	0.0%	53.3%	74.7%	N/A	N/A	9.0	14.1
Farm 10[(3)]	1,279	–	–	8,000	8,000	–	–	2,788	3,128	–	–	2,884	3,195	0.0%	0.0%	70.9%	79.0%	N/A	N/A	10.5	11.7
Inner Mongolia	**4,942**	**24,000**	**36,000**	**36,000**	**36,000**	**13,113**	**13,926**	**17,224**	**18,669**	**11,645**	**14,389**	**14,555**	**16,107**	**103.2%**	**78.7%**	**88.3%**	**96.6%**	**13.5**	**13.3**	**13.0**	**13.8**
Farm 6	1,520	12,000	12,000	12,000	12,000	6,435	6,311	6,061	6,876	6,278	6,456	4,561	5,280	105.9%	106.4%	88.5%	101.3%	13.7	13.7	12.9	13.4
Farm 7	1,622	12,000	12,000	12,000	12,000	6,678	6,339	6,427	6,575	5,367	6,158	4,921	4,691	100.4%	104.1%	94.6%	93.9%	13.2	13.1	13.3	14.0
Farm 8[(4)]	1,800	–	12,000	12,000	12,000	–	1,276	4,736	5,218	–	1,775	5,073	6,136	0.0%	25.4%	81.7%	94.6%	N/A	8.6	12.3	14.2
Total	**14,657**	**80,000**	**92,000**	**108,000**	**108,000**	**45,286**	**46,680**	**53,735**	**57,383**	**35,370**	**39,067**	**43,885**	**45,810**	**100.8%**	**93.2%**	**90.4%**	**95.5%**	**12.6**	**12.8**	**12.7**	**13.3**

Notes:

(1) Excluding calves and heifers that were temporarily raised on our beef cattle feedlots when our dairy farms were full, which totalled 5,384, 6,032, 8,554 and 8,231 as of 31 December 2019, 2020, 2021 and 30 June 2022.

(2) Utilisation rate is calculated by dividing the aggregate number of dairy cows by the aggregate designed capacity. As we commenced our operations of Farm 8 in 2020, the average utilisation rate in Inner Mongolia was lower than that of our dairy farms in Shandong in 2020. The utilisation rate of our dairy farms in Inner Mongolia increased as the production of Farm 8 ramped up.

(3) Farm 9 (Pure Source Farm 1) and Farm 10 (Pure Source Farm 2) are two dairy farms we acquired in June 2021. As both dairy farms were still at ramp up stage, their utilisation rate and milk yield in 2021 were relatively lower than our other dairy farms.

(4) As Farm 8 was still at ramp up stage in 2020, its utilisation rate and milk yield in 2020 were relatively lower than our other dairy farms.

OUR BEEF CATTLE FEEDLOTS

As of the Latest Practicable Date, we owned and operated two large-scale beef cattle feedlots in Shandong and Inner Mongolia. We selected the locations based on factors including proximity to our dairy farms, climate, optimal environmental parameters and proximity to customers. Each of our beef cattle feedlots is located near our dairy farms, which allows the dairy herd from our dairy farms to be transported with ease to the beef cattle feedlots. The dairy herd are used as the breeders for beef cattle stock.

The following table sets forth certain details of our major beef cattle feedlots in operation as of 30 June 2022 (except as otherwise indicated):

Region	Number of beef cattle feedlots	Size	Designed capacity	Number of beef cattle	Utilisation rate[1]			
					As of 31 December			As of 30 June
					2019	2020	2021	2022
		(mu)	*(number of beef cattle)*	*(head)*				
Shandong	1	3,142	20,000	18,358	85.4%	93.4%	90.2%	91.8%
Inner Mongolia	1	979	15,000	9,794	N/A[2]	4.7%	49.2%	65.3%
Total	**2**	**4,121**	**35,000**	**28,152**	**85.4%**	**55.4%**	**72.6%**	**80.4%**

Notes:

(1) Utilisation rate is calculated by dividing the aggregate number of beef cattle by the aggregate designed capacity. As we commenced our operations in Inner Mongolia in 2020 later than Shandong, the average utilisation rate in Inner Mongolia is lower than that of our beef cattle feedlot in Shandong. We expect that the utilisation rate of our beef cattle feedlot in Inner Mongolia will increase as the production ramps up.

(2) We did not have any operations in Innger Monglia in 2019.

OUR CUSTOMERS

We have a well-diversified customer base. Our customers in the raw milk business include leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), Junlebao (君樂寶), New Hope Dairy (新希望乳業), Jiabao (佳寶) and Classykiss (卡士)), and emerging dairy brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)). Our customers in the beef cattle business include food service companies such as Zuo Ting You Yuan (左庭右院) and premium beef processors. Our customers in the ancillary business include large-scale cafes, milk tea stores, bakeries and refreshment chain stores. Some of our raw milk business customers are also our Pre-IPO Investors. See "*History and Corporate Structure*" for further details.

Our sales to our top five customers in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 81.0%, 72.6%, 65.7% and 65.3% of the Group's total revenue from continuing operations. Our sales to our largest customer in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 54.9%, 23.8%, 27.4% and 23.6% of our total revenue from continuing operations in those periods. During the Track Record Period, other than one Pre-IPO Investor who was one of our top five customers in the six months ended 30 June 2022, none of the Directors, their respective associates or shareholders who own 5% or more of the Company's issued share capital had any interest in the top five customers. For further details, see "*Business – Our Customers*".

OUR SUPPLIERS

Our suppliers are categorised into (i) suppliers of feed and feed additives and (ii) other suppliers (such as suppliers of farming equipment, veterinary medicines, vaccines, frozen semen and packaging service). Feed and feed additives account for a large portion of our procurement. We provide the feed and feed additives suppliers with detailed formulations for optimal nutrition for cattle health and milk yield, and purchase these from eligible suppliers to feed our dairy cows and beef cattle.

Our top five suppliers in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for approximately 25.4%, 19.8%, 20.4% and 29.1% of the Group's total trade purchases from continuing operations. Our largest supplier in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 6.5%, 7.2%, 6.7% and 11.3% of our total trade purchases from continuing operations in those periods. During the Track Record Period, other than Annona (an associate of the Controlling Shareholders), none of the Directors, their respective associates or shareholders who own 5% or more of the Company's issued share capital had any interest in the top five suppliers. For further details, see "*Business – Our Suppliers*".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to building a sustainable business and minimising our operational impact on the environment. We plan to set up metrics and targets for ESG issues and to review our key ESG performance on a regular basis. Our Directors will actively participate in designing our ESG strategies and targets, and will evaluate, determine and address our ESG-related risks. We may from time to time engage independent professional third parties to help us make the necessary improvements. For details, see "*Business – Environmental, Social and Governance*".

COMPETITION

The dairy industry in China is highly concentrated, with the top five players together accounting for 76.3% market share in terms of retail sales value of dairy products in 2021. With the high market concentration rate, leading dairy groups play a dominant role in the pricing of raw milk. With the rise of emerging dairy brands, the competitive landscape of China's dairy industry has become more dynamic. The raw milk supply market in China is highly fragmented. The top five players in China accounted for aggregate market share of 14.1%, 15.5% and 15.0% in terms of the sales volume, sales value and production volume of raw milk in 2021, respectively. Our key competitors in the raw milk business include China Youran Dairy Group Limited, China Modern Dairy Holdings Limited and China Shengmu Organic Milk Limited, according to Frost & Sullivan.

Our key competitors in the beef cattle industry include several private beef cattle farming companies, according to Frost & Sullivan. These private beef cattle farming companies are principally engaged in beef cattle operations, including, among other things, fattening and slaughtering of beef cattle and producing various beef products.

We primarily compete on the basis of (i) our value proposition to our customers by providing a high-quality, reliable and consistent supply of raw milk, as evidenced by our raw milk quality indicators which are above the industry standards, see "*Business – Raw Milk Business – Our Raw Milk*"; (ii) our production and distribution capabilities; (iii) our ability to meet customers' order requirements and delivery schedules within exacting timelines; (iv) the stability of our relationships with our customers; and (v) price. We believe that our diversified customer base, efficient farm management, premium quality of our raw milk and beef cattle, and strong genetic breeding technologies allow us to effectively compete with other dairy farm operators and beef cattle farming companies in China.

For further details on the dairy and raw milk supply industries and the beef cattle industry in China, see "*Industry Overview*".

RISK FACTORS

Investing in the Shares involves certain risks, which we categorise into (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering and the Shares. For details, see "*Risk Factors*".

Some of the major risks we are exposed to are as follows:

- Our business and financial results are sensitive to market prices of raw milk and beef cattle.
- Fluctuations in market prices of raw materials, as well as any disruptions in the supply of raw materials, could have a material adverse effect on our financial condition and results of operations.
- The quality of our raw milk and milk yield are influenced by a number of factors, some of which are not fully within our control.
- Fair value adjustments to our biological assets are subject to a number of assumptions which involve unobservable inputs and can adversely affect our results of operations.
- We face significant competition in our businesses and may not be able to compete successfully against our existing competitors and future market entrants.
- Changes in our relationships with our major customers, or in our commercial terms with these customers, may adversely affect our business and results of operations.
- Any major outbreak of diseases at our farms, at neighbouring farms or attributed to livestock generally, could significantly affect our production and supply, and demand for our products.
- Any actual or perceived food safety issue or product contamination related to our products or the dairy or beef industry generally could harm our reputation, financial condition and results of operations, and subject us to product liability claims and regulatory actions.
- We may not be able to sustain our historical growth rates, and our historical performance may not be indicative of our future growth or financial results.
- We are subject to risks associated with managing future growth and expansion.
- The future growth of our business partly depends on the quality and supply of heifers and bovine semen.
- Fluctuations in foreign currency exchange rates may lead to volatility in our reported results of operations.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set out certain key items of the consolidated financial information of the Group during the Track Record Period as extracted from, and should be read in conjunction with, the Accountants' Report in Appendix I to this prospectus and the information set forth in "*Financial Information*". Our historical financial information has been prepared in accordance with International Financial Reporting Standards.

Summary of Consolidated Statements of Profit or Loss

The table below sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended 31 December												For the six months ended 30 June							
	2019				2020				2021				2021				2022			
	Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total	
		US$'000		*% of Revenue*		*US$'000*		*% of Revenue*		*US$'000*		*% of Revenue*		*US$'000* *(unaudited)*		*% of Revenue*		*US$'000*		*% of Revenue*
Continuing Operations																				
Revenue	**351,505**	**-**	**351,505**	**100.0**	**404,792**	**-**	**404,792**	**100.0**	**521,921**	**-**	**521,921**	**100.0**	**241,166**	**-**	**241,166**	**100.0**	**278,291**	**-**	**278,291**	**100.0**
Cost of sales[(1)]	(233,858)	(117,674)	(351,532)	(100.0)	(254,700)	(149,985)	(404,685)	(100.0)	(343,851)	(175,533)	(519,384)	(99.5)	(162,842)	(77,354)	(240,196)	(99.6)	(209,920)	(67,240)	(277,160)	(99.6)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	–	108,128	108,128	30.8	–	128,253	128,253	31.7	–	153,770	153,770	29.5	–	70,352	70,352	29.2	–	65,959	65,959	23.7
Gains arising from changes in fair value less costs to sell of beef cattle	–	13,460	13,460	3.8	–	21,850	21,850	5.4	–	19,590	19,590	3.8	–	9,280	9,280	3.8	–	1,020	1,020	0.4
Gross profit	**117,647**	**3,914**	**121,561**	**34.6**	**150,092**	**118**	**150,210**	**37.1**	**178,070**	**(2,173)**	**175,897**	**33.7**	**78,324**	**2,278**	**80,602**	**33.4**	**68,371**	**(261)**	**68,110**	**24.5**
Gains/(losses) arising from changes in fair value less costs to sell of other biological assets	–	(12,047)	(12,047)	(3.4)	–	(14,163)	(14,163)	(3.5)	–	(11,316)	(11,316)	(2.2)	–	16,727	16,727	6.9	–	1,971	1,971	0.7
Administrative expenses	(16,394)	-	(16,394)	(4.7)	(24,173)	-	(24,173)	(6.0)	(43,028)	-	(43,028)	(8.2)	(17,025)	-	(17,025)	(7.1)	(25,283)	-	(25,283)	(9.1)
Finance costs	(14,405)	-	(14,405)	(4.1)	(13,605)	-	(13,605)	(3.4)	(21,635)	-	(21,635)	(4.1)	(8,711)	-	(8,711)	(3.6)	(14,413)	-	(14,413)	(5.2)
Profit for the year/period	**73,346**	**(5,779)**	**67,567**	**19.2**	**110,354**	**(14,514)**	**95,840**	**23.7**	**118,061**	**(13,489)**	**104,572**	**20.0**	**61,038**	**19,005**	**80,043**	**33.2**	**28,132**	**1,710**	**29,842**	**10.7**
Attributable to:																				
Owners of the parent	73,346	(5,779)	67,567	19.2	110,354	(14,514)	95,840	23.7	118,061	(13,489)	104,572	20.0	61,038	19,005	80,043	33.2	28,132	1,710	29,842	10.7

Notes:

(1) The major components of our cost of sales are feeding costs, labour costs and freight fees. See "*Financial Information – Description of Major Components of Our Results of Operations – Cost of Sales*".

Non-IFRS Financial Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use non-IFRS measures as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items described below. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of these non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We add back share-based payment expenses and listing expenses to derive adjusted net profit from the year/period. We define EBITDA as profit for the year/period from continuing operations plus (i) depreciation of property, plant and equipment, (ii) depreciation of right-of-use assets, (iii) amortisation of intangible assets, (iv) interest expenses minus interest income and (v) income tax expenses. We add back share-based payment expenses to EBITDA to derive adjusted EBITDA. Share-based payment expenses represent employee benefit expenses incurred in connection with the AAG PSP and SARs, which are primarily non-cash in nature.

The following table sets out a reconciliation from profit for the year/period from continuing operations to non-IFRS measures for the periods indicated:

	For the year ended 31 December			**For the six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$'000)		
				(unaudited)	
Profit for the year/period from continuing operations	**74,630**	**99,079**	**104,572**	**80,043**	**29,842**
Add:					
Share-based payment expenses[(1)]	897	4,927	16,037	5,811	6,864
Listing expenses charged in profit or loss	–	–	–	–	4,545
Adjusted net profit (non-IFRS measure)	**75,527**	**104,006**	**120,609**	**85,854**	**41,251**
Profit for the year/period from continuing operations	**74,630**	**99,079**	**104,572**	**80,043**	**29,842**
Add:					
Depreciation of property, plant and equipment	13,282	14,599	18,692	8,632	10,488
Depreciation of right-of-use assets	1,949	2,120	2,828	1,143	2,069
Amortisation of intangible assets	325	311	345	166	185
Interest expenses	14,405	13,605	21,635	8,711	14,413
Income tax expenses	127	1,114	2,434	851	1,059
Less:					
Interest income	(337)	(472)	(611)	(320)	(249)

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$'000)		
				(unaudited)	
EBITDA (Non-IFRS measure)	**104,381**	**130,356**	**149,895**	**99,226**	**57,807**
Add:					
Share-based payment expenses[1]	897	4,927	16,037	5,811	6,864
Listing expenses charged in profit or loss	–	–	–	–	4,545
Adjusted EBITDA (Non-IFRS measure)	**105,278**	**135,283**	**165,932**	**105,037**	**69,216**

Note:

(1) Under the terms of the AAG PSP and SARs, the settlement of outstanding grants and vested SARs may involve the use of cash. Separately, the RSU Scheme we adopted on 5 December 2022 can also involve the payment of cash to a trustee to purchase outstanding Shares to serve as underlying Shares of the RSUs.

Our adjusted net profit, a non-IFRS measure, was US$75.5 million, US$104.0 million, US$120.6 million, US$85.9 million and US$41.3 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, respectively. In the same periods, our adjusted EBITDA, a non-IFRS measure, was US$105.3 million, US$135.3 million, US$165.9 million, US$105.0 million and US$69.2 million, respectively. The increase in each of our adjusted net profit and adjusted EBITDA from 2019 to 2021 was primarily due to the increase in our net profit and the increase in share-based payment expenses. The decrease in each of our adjusted net profit and adjusted EBITDA for the six months ended 30 June 2022 compared to the same period in 2021 was primarily attributable to the decrease in our net profit, each of which was partially offset by the increase in share-based payment expenses and listing expenses charged in profit or loss. See "*Financial Information – Period-to-Period Comparison of Results of Operations*" for details.

Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
		(US$'000)		
Total non-current assets	741,154	750,064	1,076,778	1,098,734
Total current assets	229,406	225,375	298,457	287,287
Total assets	970,560	975,439	1,375,235	1,386,021
Total current liabilities	220,173	177,730	202,617	250,497
Net current assets	9,233	47,645	95,840	36,790
Total non-current liabilities	184,839	146,040	386,426	356,013
Total liabilities	405,012	323,770	589,043	606,510
Net assets	565,548	651,669	786,192	779,511

Net Assets

Our net assets increased from US$565.5 million as of 31 December 2019 to US$651.7 million as of 31 December 2020, which was primarily due to (i) our profit for the year from continuing operations of US$95.8 million and (ii) exchange differences related to foreign operations of US$34.2 million, partially offset by the capital reduction for disposal of subsidiaries under common control of US$59.1 million, in each case for 2020. Our net assets increased from US$651.7 million as of 31 December 2020 to US$786.2 million as of 31 December 2021, which was primarily due to (i) our profit for the year from continuing operations of US$104.6 million, (ii) exchange differences related to foreign operations of US$17.2 million, and (iii) equity-settled share option arrangements of US$13.1 million, in each case for 2021. Our net assets remained relatively stable as of 30 June 2022 compared to 31 December 2021.

Net Current Assets

Our net current assets decreased from US$95.8 million as of 31 December 2021 to US$36.8 million as of 30 June 2022, which was primarily due to (i) a decrease in inventories; and (ii) an increase in interest-bearing bank borrowings, which were partially offset by an increase in cash and cash equivalents. Our net current assets increased from US$47.6 million as of 31 December 2020 to US$95.8 million as of 31 December 2021, which was primarily due to an increase in inventories, which was partially offset by an increase in trade payables. Our net current assets increased from US$9.2 million as of 31 December 2019 to US$47.6 million as of 31 December 2020, which was primarily due to (i) an increase in inventories due to our increased herd size and increased raw materials costs; and (ii) a decrease in trade payables as a result of our disposal of GDS. For a detailed discussion on the changes of our inventories and trade payables, see "*Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position Items of Our Group – Inventories*" and "*Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position Items of Our Group – Trade Payables*". For a detailed discussion on the changes of the balances of bank borrowings and cash positions, see "*Financial Information – Liquidity and Capital Resources*".

Biological Assets

Our biological assets consist of dairy cows held to produce raw milk, beef cattle held for sale and forage crops planted to feed cows and cattle. Dairy cows are further categorised into milkable cows, calves and heifers. The following table sets forth the number of our biological assets as of the dates indicated:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(head)		
Milkable cows				
– Continuing operation	45,286	46,680	53,735	57,383
– Discontinued operation	8,939	–	–	–
Subtotal	54,225	46,680	53,735	57,383

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(head)			
Calves and heifers				
– Continuing operation	40,754	45,099	52,439	54,041
– Discontinued operation	6,791	–	–	–
Subtotal	47,545	45,099	52,439	54,041
Beef cattle	17,086	19,386	25,414	28,152
Total	**118,856**	**111,165**	**131,588**	**139,576**

Biological assets are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the profit or loss for the period in which it arises. Our results of operations are affected by changes in fair value less costs to sell of biological assets in respect of our dairy cows, beef cattle and forage plants. We are required under IFRSs to recognise such changes under "gains/(losses) arising from changes in fair value less costs to sell of biological assets". This line item represents fair value changes of our biological assets due to the changes in physical attributes and market prices of our biological assets and the changes in discounted future cash flow to be generated from our biological assets, in particular, our milkable cows. Our results of operations are also affected by fair value of raw milk recognised at milking, and subsequently charged as cost of sales at the time of sale or consuming. As required by IFRSs, agricultural products (including raw milk) are recognised at their fair value less costs to sell at the point of harvest. For details of the accounting policy, see "*Financial Information – Critical Accounting Policies and Estimates – Biological Assets*". The following table sets forth the fair value of our biological assets less costs to sell of dairy cows and beef cattle as of the dates indicated:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(US$'000)			
Milkable cows	263,916	280,177	344,665	356,878
Calves and heifers	97,913	106,125	133,032	140,755
Beef cattle	24,178	33,524	49,217	52,917
Forage plants	–	–	–	9,948
Total	**386,007**	**419,826**	**526,914**	**560,498**
Current	24,178	33,524	49,217	62,865
Non-current	361,829	386,302	477,697	497,633

The fair value of our biological assets was US$386.0 million, US$419.8 million, US$526.9 million and US$560.5 million as of 31 December 2019, 2020 and 2021 and 30 June 2022. The increase in the fair value of our biological assets during the Track Record Period was primarily due to (i) continuing increase in the fair value of dairy cows as a result of the increases in the number of dairy cows, fair value per dairy cow driven by raw milk price and the improved herd structure and quality; (ii) continuing increase in the fair value of calves and heifers as a result of the increased number of calves and heifers and (iii) continuing increase in the fair value of beef cattle as a result of the increase in the number of beef cattle. For details of the movement of our biological assets during the Track Record Period, see Note 22 to the Accountants' Report included in the Appendix I of this prospectus.

When our cows or cattle are dead or otherwise sold, a resulting gain or loss is included in the results of operations for the respective period. The realised loss arising from changes in fair value less costs to sell of biological assets represents the losses from the culling and death of cows or cattle during the corresponding period, because the proceeds from the disposal of culled and dead cows and cattle are generally lower than their carrying value (i.e., fair value). We also record the changes in carrying value of unsold beef cattle as of the end of the previous year and the current year, which is unrealised and will be realised when the sales occur in a subsequent period. As such, for beef cattle sold in any given period, the gain would be the unrealised fair value gain in the previous periods, as of which the beef cattle remained unsold, and the realised fair value gain in the period in which the beef cattle is sold. Such cumulative gain, which is primarily affected by the feeding costs and average selling prices of our beef cattle, would be a closer proximity for the profit we made off the beef cattle sold. For the unrealised gain on dairy cows and forage plants, we will not realise such fair value gain until the dairy cow is culled or disposed of or the forage plant is consumed. Unrealised fair value gains/losses on biological assets can fluctuate dramatically from period to period, are non-cash in nature and are derived from many assumptions. See "*Risk Factors – Fair value adjustments to our biological assets are subject to a number of assumptions which involve unobservable inputs and can adversely affect our results of operations*" for further details. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we recorded unrealised fair value gains on our biological assets from continuing operations (including dairy cows, beef cattle and forage plants) of US$48.7 million, US$48.6 million, US$63.8 million, US$49.2 million and US$32.0 million. The increase in unrealised fair value gains on our biological assets in 2021 was mainly due to (i) the improved market value of our biological assets, particularly the increase in the average selling price of raw milk, which was in line with the overall raw milk industry, and (ii) improved herd structure and quality, particularly the improved milk yield. The unrealised fair value gains on our biological assets decreased from the six months ended 30 June 2021 to the six months ended 30 June 2022, primarily due to the decrease in the average selling price of raw milk, which was in line with the overall raw milk industry.

Our dairy cows and beef cattle were independently valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with us, which has appropriate qualifications and experiences in valuation of biological assets. For valuation methodology and assumptions of our biological assets, see "*Financial Information – Valuation of Biological Assets*" and Note 22 to the Accountants' Report as set out in Appendix I to this prospectus.

Gross Profit and Net Profit

Our profits have been, and we expect will continue to be, affected by the changes in the fair value of biological assets. The following table sets forth our profits before and after excluding the unrealised fair value gains on biological assets for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	(US$'000, except for percentages)			*(unaudited)*	
Gross profit					
Before the adjustment on unrealised fair value gains on biological assets	112,468	135,166	159,121	73,256	64,926
After the adjustment on unrealised fair value gains on biological assets	121,561	150,210	175,897	80,602	68,110
Gross profit margin					
Before the adjustment on unrealised fair value gains on biological assets	32.0%	33.4%	30.5%	30.4%	23.3%
After the adjustment on unrealised fair value gains on biological assets	34.6%	37.1%	33.7%	33.4%	24.5%
Profit/(loss) for the year/period from continuing operations					
Before the adjustment on unrealised fair value gains on biological assets	25,914	50,453	40,858	30,803	(2,149)
After the adjustment on unrealised fair value gains on biological assets	74,630	99,079	104,572	80,043	29,482
Net profit/(loss) margin					
Before the adjustment on unrealised fair value gains on biological assets	7.4%	12.5%	7.8%	12.8%	(0.8)%
After the adjustment on unrealised fair value gains on biological assets	21.2%	24.5%	20.0%	33.2%	10.7%

The decreases in each of our gross profit, gross profit margin, net profit and net profit margin for the six months ended 30 June 2022 compared to the same period in 2021 were primarily due to (i) a 33.7% increase in feeding costs, as a result of the increasing average purchase price of feed and feed additives, which was in turn primarily due to the increase in planting costs of raw materials (such as corn and soybean) and deteriorating crop condition amid the extreme weather, and the strong demand for corn and soybean from downstream industries, (ii) the acquisition of Pure Source dairy farms which had a lower gross profit margin as compared to that of our other dairy farms as they have relatively low utilisation rates during their production ramp up period, and (iii) a 10.3% decrease in the average selling price of our beef cattle due to lower demand for beef associated with restaurants closures during the city- or district-wide lock-down in various parts of China in March, April and May 2022 as well as the increased proportion of our beef cattle sold in Inner Mongolia in the six months ended 30 June 2022, which generally had a lower average selling price than our beef cattle sold in Shandong. Moreover, the decreases in our net profit and net profit margin for the six months ended 30 June 2022 compared to the same period in 2021 were further attributable to: (i) a decrease in gains arising from changes in fair value less costs to sell of other biological assets, primarily due to the decrease in market value of our biological assets, particularly the decrease in the average selling price of raw milk, which was largely in line with the overall raw milk industry; (ii) an increase in administrative expenses due to the incurred listing expenses in the six months ended 30 June 2022; (iii) the recognition of one-off gain from bargain purchase in connection with the acquisition of Pure Source dairy farms in 2021, and (iv) an increase in finance costs from increased bank loans and lease liabilities in connection with the acquisition of Pure Source dairy farms. See "*Financial Information – Period-to-Period Comparison of Results of Operations*" for details.

LIQUIDITY AND CAPITAL RESOURCES

Our cash is primarily used for funding working capital, payment for plant and equipment and other capital expenditures. During the Track Record Period, we met our requirements for working capital and other capital expenditure through a combination of cash generated from operating activities and bank borrowings. The following table sets forth a summary of our cash flows for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$'000)		
				(unaudited)	
Net cash flows from operating activities	110,346	80,885	114,794	99,392	99,650
Net cash used in investing activities	(55,883)	(84,949)	(223,643)	(169,834)	(73,925)
Net cash generated from/(used in) financing activities	(40,213)	(6,696)	87,556	86,404	1,216
Net increase/(decrease) in cash and cash equivalents	14,250	(10,760)	(21,293)	15,962	26,941
Effect of exchange rate changes on cash and cash equivalents	(710)	2,873	121	455	(1,931)
Cash and cash equivalents at the beginning of the year/period	**37,664**	**51,204**	**43,317**	**43,317**	**22,145**
Cash and cash equivalents at the end of the year/period	**51,204**	**43,317**	**22,145**	**59,734**	**47,155**

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios during the periods indicated or as of the dates indicated:

	For the year ended 31 December			For the six months ended/as of 30 June
	2019	2020	2021	2022
Gross profit margin(1)	34.6%	37.1%	33.7%	24.5%
Net profit margin(2)	21.2%	24.5%	20.0%	10.7%
Adjusted net profit margin (non-IFRS measure)(3)	21.5%	25.7%	23.1%	14.8%
EBITDA margin (non-IFRS measure)(4)	29.7%	32.2%	28.7%	20.8%
Adjusted EBITDA margin (non-IFRS measure)(5)	30.0%	33.4%	31.8%	24.9%
Return on equity(6)	13.9%	16.3%	14.5%	N/A
Return on assets(7)	7.9%	10.2%	8.9%	N/A
Current ratio(8)	1.0	1.3	1.5	1.1
Quick ratio(9)	0.6	0.7	0.7	0.7
Gearing ratio(10)	47.5%	33.5%	56.6%	60.1%
Net gearing ratio(11)	37.8%	26.6%	53.6%	53.9%

Notes:

(1) Calculated as gross profit divided by revenue for the period and multiplied by 100%.

(2) Calculated as net profit from continuing operations divided by revenue for the period and multiplied by 100%.

(3) Calculated as adjusted net profit, a non-IFRS measure, divided by revenue for the period and multiplied by 100%.

(4) Calculated as EBITDA, a non-IFRS measure, divided by revenue for the period and multiplied by 100%.

(5) Calculated as adjusted EBITDA, a non-IFRS measure, divided by revenue for the period and multiplied by 100%.

(6) Equals profit for the year/period from continuing operations divided by the average of the beginning and ending total equity for that year/period and multiplied by 100%.

(7) Equals profit for the year/period from continuing operations divided by the average of the beginning and ending total assets for that year/period and multiplied by 100%.

(8) Equals current assets divided by current liabilities as of the same date.

(9) Equals current assets less inventories and divided by current liabilities as of the same date.

(10) Equals bank interest-bearing borrowings, loans from a shareholder and lease liabilities divided by total equity and multiplied by 100%.

(11) Equals net debt divided by the total capital. Net debt represents the sum of interest-bearing borrowings, loans from a shareholder and lease liabilities less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the parent company.

Our gross profit margin, net profit margin, adjusted net profit margin (non-IFRS measure), EBITDA margin (non-IFRS measure), adjusted EBITDA margin (non-IFRS measure), return on equity and return on assets continuously decreased since 2021, which were primarily due to (i) the increase in feeding costs, as a result of the increasing average purchase price of our feed and feed additives, which was in turn primarily due to the increase in planting costs of raw materials (such as corn and soybean) and deteriorating crop condition amid the extreme weather, and the strong demand for corn and soybeans from downstream industries, and (ii) the acquisition of Pure Source dairy farms which had a lower gross profit margin as compared to that of our other dairy farms as they have relatively low utilisation rates during their production ramp up period. For details of the factors affecting our financial performance in the six months ended 30 June 2022, see "*– Summary of Consolidated Statements of Profit or Loss*" and "*Financial Information – Period-to-Period Comparison of Results of Operations*". According to Frost & Sullivan, the decreasing trend of our gross profit margin was in line with that of our industry peers during the same periods. We expect to record a decrease in gross profit margin for 2022 as compared to 2021, which is primarily due to an expected increase in our feeding costs. If the feeding costs continue to increase or the selling prices of raw milk or beef cattle decrease in the future, our profitability will be adversely affected.

PRE-IPO INVESTMENTS

Meiji Co., Ltd., Plutus Taurus Technology HK Limited (which is indirectly majority owned by Genki Forest Technology Group Holdings Limited), Honest Dairy Group Co., Ltd. and New Hope Dairy Co., Ltd., who are also our customers, have made pre-IPO investments in the Company. Honest Dairy Group Co., Ltd. and New Hope Dairy Co., Ltd. were also amongst our top five customers for certain year/period(s) during the Track Record Period. See "*History and Corporate Structure – Pre-IPO Investment*" for further details.

THE JAPFA DISTRIBUTION

On 29 March 2022, Japfa (the Company's current holding company), which is listed on the Mainboard of the SGX-ST, announced the Company's submission of its application for the Listing and in connection thereto, the conditional proposal to distribute its 62.5% shareholding interest in the Company to the Entitled Japfa Shareholders.

Further to Japfa's announcement on 29 March 2022, Japfa intends to undertake the capitalisation of all the outstanding loans owed to Japfa by the Company prior to the Japfa Distribution and in return receive such number of Capitalisation Shares issued to it based on the final Offer Price. See *"Financial Information – Indebtedness – Loans from a Shareholder"* for details.

As such, the Japfa Distribution will be effected by way of a distribution *in specie* of the Shares to the Entitled Japfa Shareholders by way of Capital Reduction pursuant to Section 78G read with Section 78I of the Singapore Companies Act, in proportion to their respective shareholdings in Japfa held as at the Record Date, with fractional entitlements (where applicable) to be disregarded. The Japfa Distribution will comprise the Shares currently held by Japfa together with the Capitalisation Shares.

The actual distribution ratio for the Japfa Distribution will be fixed by Japfa on or around the Record Date and will be determined based on, amongst others, the number of Japfa Shares in issue as at the Record Date, the number of the Shares currently held by Japfa, the number of the Capitalisation Shares, the Share Split and the final Offer Price. Where possible, Japfa will, in considering the final distribution ratio, look to minimise the odd number of Shares each Entitled Japfa Shareholder receives in respect of a full board lot of Shares. Japfa may hold some Shares in order to minimise odd lots of Shares and such Shares, together with the aggregate of Entitled Japfa Shareholders' fractional entitlements, will be held by Japfa for its own benefit.

The Japfa Distribution and the completion thereof is subject to, *inter alia*, (a) the approval of the Japfa Shareholders for the Japfa Distribution (which was obtained on 7 November 2022), (b) the approval of the Singapore Court for the Capital Reduction (which was obtained on 8 November 2022) and the lodgement of the Order of Court with the Singapore Registrar of Companies and (c) the Listing Committee of the Stock Exchange granting the Listing Approval and the Underwriting Agreements becoming unconditional. Japfa does not intend for the Japfa Distribution to be effective until the Listing.

Following the completion of the Japfa Distribution and the Global Offering, the Japfa Group will continue to focus on animal protein business including the production of animal feed, breeding, commercial farming and the manufacture and distribution of animal protein products in Indonesia, Vietnam, Myanmar, India and Bangladesh. The Japfa Group has no other dairy operations, save for Japfa's remaining 20% equity interest in Greenfields Dairy Singapore Pte. Ltd. (the holding company of GDS which operates two dairy farms in Indonesia and is engaged in the production, trading, wholesale and distribution of milk under the "Greenfields" brand in Singapore, Indonesia, Malaysia and Hong Kong) following a disposal of the other 80% interest in February 2021 to Freshness Holdings Ltd., which is ultimately owned by two private equity investors and an independent third party, and the production and sale in Indonesia of branded milk. The Japfa Group's animal protein business includes beef cattle breeding, beef feedlots and beef processing in Indonesia.

For further details, see "*The Japfa Distribution and the Listing*".

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Company was owned as to 62.50% by Japfa, which was in turn ultimately controlled by the Controlling Shareholders (as defined below) who held approximately 60.57% of Japfa.

Upon the Japfa Distribution becoming effective (as further described in "*The Japfa Distribution and the Listing*") and the completion of the Capitalisation Issue, the Share Award Issuance (as described in "*Appendix V – Statutory and General Information – C. Share Plans*") and the Global Offering, shareholders of Japfa will become Shareholders of the Company and the Company will cease to be a subsidiary of Japfa. The Company will be directly owned as to approximately 30.35% by Rangi Management Limited, which is in turn wholly owned by Fusion Investment Holdings Limited. The Company will also be directly owned as to approximately 3.05% by Tasburgh Limited. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo Santosa and Ms. Gabriella Santosa are the joint investment power holders of the Scuderia Trust.

Accordingly, each of Mr. Renaldo Santosa, Ms. Gabriella Santosa and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. In addition, immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Company will be directly owned as to approximately 1.86% by Tallowe Services Inc. which is in turn wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo Santosa. Mr. Renaldo Santosa and Ms. Gabriella Santosa are beneficiaries of Mr Handojo Santosa's interest in Tallowe Services Inc.. Mr. Renaldo Santosa will additionally hold 0.05% of the Shares of the Company through his client account with a financial institution.

Accordingly, immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, Mr. Renaldo Santosa, Ms. Gabriella Santosa, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited, Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc. (together, the "**Controlling Shareholders**") will directly and indirectly hold approximately 35.31% of the Shares in issue (assuming the Over-allotment Option is not exercised) and approximately 35.08% of the Shares in issue (assuming the Over-allotment Option is exercised in full). Accordingly, the Controlling Shareholders will constitute a group of the controlling shareholders of the Company under the Listing Rules. See *"History and Corporate Structure"* for the simplified corporate structure of the Group.

CONNECTED TRANSACTIONS

Following the Listing, certain transactions between the Group and associates of the Controlling Shareholders and substantial shareholders will become connected transactions of the Company under the Listing Rules. The details of such connected transactions are set out in *"Connected Transactions"*. All of these connected transactions have been, and will continue to be, conducted on arm's length commercial terms or better for the Group.

DIVIDENDS

The Company did not pay or declare any other dividends during the Track Record Period and up to the date of this prospectus. We do not have any dividend policy and have no present plan to pay any dividends to our Shareholders in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to the Constitution of the Company and the Singapore Companies Act. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our results of operations, cash flows, financial condition, operating and capital expenditure requirements. In addition, our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. Under the Singapore Companies Act, a Singapore company may only pay a dividend out of profits. There is no assurance that dividends of any amount will be declared by the Company to be distributed in any year. Investors should not purchase our shares with the expectation of receiving cash dividends.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. For further details, please see the section headed "*Risk Factors – Risks Relating to Conducting Business in the PRC*" in this prospectus.

USE OF PROCEEDS

The Company intends to use the net proceeds of HK$99.3 million (being the mid-point of the Offer Price Range) from the Global Offering in building farm facilities and purchasing equipment for Pure Source Farm 4, where construction is expected to commence in April 2023 and full milking capacity is expected to be reached by November 2024.

We also intend to use other financing, which we expect will principally be in the form of bank loans, in connection with the expansion plans for Pure Source Farm 4 to satisfy our capital needs. For more details, see "*Business – Raw Milk Business – Our Dairy Farms*".

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid and payable to the reporting accountant, legal advisers and other professional advisers for their services rendered in relation to the Listing and the Global Offering. Assuming an Offer Price of HK$6.40 per Offer Share (being the mid-point of the Offer Price Range), we estimate that the total listing expenses payable by us will be US$12.4 million (HK$96.8 million), comprising (i) underwriting-related expenses of approximately US$3.3 million (HK$25.4 million), and (ii) non-underwriting-related expenses of US$9.1 million (HK$71.4 million). Our estimated total listing expenses represent 49.4% of the total gross proceeds that we will receive from this Global Offering, of which US$8.7 million (HK$68.1 million) will be charged to our consolidated statements of comprehensive income and US$3.7 million (HK$28.7 million) will be deducted from equity as such amount is directly attributable to the issue of Shares.

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$5.79 per Offer Share(1)	**Based on the Offer Price of HK$7.00 per Offer Share(1)**
Market capitalisation of the Shares	HK$4,070 million(2)	HK$4,883 million(3)
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company per Share(4)	US$1.16 (HK$8.99)(5)	US$1.17 (HK$9.12)(6)

Notes:

(1) The number of Shares to be issued pursuant to (i) the Capitalisation Issue and (ii) the Share Award Issuance (with respect to the the outstanding SARs granted by the Company) will be calculated using the final Offer Price.

(2) The market capitalisation is calculated based on the assumption that 702,984,578 Shares will be issued and outstanding immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(3) The market capitalisation is calculated based on the assumption that 697,524,897 Shares will be issued and outstanding immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of 30 June 2022 are calculated based on the assumptions and adjustments as specified in "*Appendix II – Unaudited Pro Forma Financial Information*".

(5) Assuming an Offering Price of HK$5.79 per Offer Share, 686,759,178 Shares used in calculating the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share in "*Appendix II – Unaudited Pro Forma Financial Information*" excluded the Shares underlying the SARs (37,900 Shares) and unvested awards granted under the AAG PSP (16,187,500 Shares) as there is uncertainty on the redemption of the SARs and the vesting of awards under the AAG PSP, which depends not only on the completion of the Listing, but also (i) whether the relevant grantees remain as our employees and (ii) in the case of certain awards under the AAG PSP, the satisfaction of applicable performance or other vesting conditions of the awards. If the Shares underlying the SARs (37,900 Shares) and unvested awards granted under the AAG PSP (16,187,500 Shares) were included in the calculation, the total Shares would be 702,984,578 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of 30 June 2022 would be US$1.13 (HK$8.78).

(6) Assuming an Offering Price of HK$7.00 per Offer Share, 680,828,097 Shares used in calculating the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share in *"Appendix II – Unaudited Pro Forma Financial Information"* excluded the Shares underlying the SARs (509,300 Shares) and unvested awards granted under the AAG PSP (16,187,500 Shares) as there is uncertainty on the redemption of the SARs and the vesting of awards under the AAG PSP, which depends not only on the completion of the Listing, but also (i) whether the relevant grantees remain as our employees and (ii) in the case of certain awards under the AAG PSP, the satisfaction of applicable performance or other vesting conditions of the awards. If the Shares underlying the SARs (509,300 Shares) and unvested awards granted under the AAG PSP (16,187,500 Shares) were included in the calculation, the total Shares would be 697,524,897 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of 30 June 2022 would be US$1.14 (HK$8.91).

SAFETY AND NON-COMPLIANCE INCIDENTS

During the Track Record Period, we had two safety incidents and non-compliance matters relating to title and procedural defects of owned and leased properties, environmental protection acceptance inspections procedure, despatched workers and housing provident fund regulations. For details, see "*Business – Property*", "*Business – Employees*" and "*Business – Legal Proceedings and Compliance*".

IMPACT FROM COVID-19

The COVID-19 pandemic has had and may continue to have an impact on our operations and financial performance.

- ***Impact on our industry.*** The COVID-19 outbreak in China in early 2020 resulted in widespread and prolonged government-mandated lockdowns and travel restrictions across China. The travel restrictions, control measures by the government (such as limitation of social gatherings and restrictions on hours of operations of restaurants, cafes and milk tea stores) and delivery delays led to a temporary decline in the consumption of milk products and beef in China in early 2020, particularly the on-site consumption of beef in restaurants, and the on-site consumption of milk products in cafes and milk tea stores, which in turn lowered the demand for raw milk and beef cattle. For example, the consumption of milk products and total catering services in China decreased by 2.7% and 32.8%, respectively, in the first half of 2020 compared to the same period in 2019, according to Frost & Sullivan. As restaurants and catering services are the key growth drivers of the beef cattle industry, the negative impact of the COVID-19 pandemic on the business operations of restaurants and catering services in turn negatively affected the demand for beef cattle and beef in China. As a result, the average wholesale price of raw milk, beef cattle and beef in China declined in the first half of 2020, according to Frost & Sullivan. Benefitting from the PRC government's effective control of COVID-19, consumers' rising health awareness and rigid demand for healthy protein such as beef, the retail sales value of beef in China continued to grow since the first half of 2020.

- ***Impact on our business growth and sales of products.*** Our raw milk and beef cattle business had been growing steadily before the COVID-19 outbreak. The sales volume and the average selling price of our raw milk increased by 6.6% and 9.6%, respectively, from the first half of 2019 to the second half of 2019. For the same periods, the sales volume and the average selling price of our beef cattle also increased by 79.2% and 22.6%, respectively. In line with the market trend, the COVID-19 outbreak slowed down the growth of our raw milk and beef cattle business in the first half of 2020. The sales volume and the average selling price of our raw milk decreased by 2.1% and 3.6%, respectively, from the second half of 2019 to the first half of 2020. For the same periods, the sales volume of our beef cattle increased by 21.1%, which was mainly driven by the 13.5% increase in our herd size of beef cattle and the rebound in sales volume in the second quarter of 2020. The average selling price of our beef cattle remained relatively stable in the first half of 2020 compared to the second half of 2019, primarily because the average selling price of our beef cattle quickly rebounded in the second quarter of 2020, offsetting the lower average selling price we experienced in the first quarter of 2020. Notwithstanding the COVID-19 outbreak, the market demand for our products remained relatively strong. As the lockdown, government-mandated control measures and travel restrictions were gradually lifted, we witnessed growth in both the sales volume and average selling price for our raw milk, beef and branded milk products in the second half of 2020 and 2021. In particular, the sales volume and the average selling price of our raw milk rebounded by 4.6% and 12.9%, respectively, from the first half of 2020 to the second half of 2020. For the same periods, the sales volume and the average selling price of our beef cattle also rebounded by 27.4% and 8.7%, respectively. The average selling price of our raw milk increased from US$634/ton in 2020 to US$743/ton in 2021 and the average selling price of our beef cattle increased from US$4,716/ton in 2020 to US$5,439/ton in 2021.

- ***Impact on our supply chain and production.*** During the COVID-19 outbreak in the first half of 2020, we experienced temporary delivery delays by our third party suppliers of raw materials due to widespread government-mandated lockdowns and travel restrictions across China. Deliveries by our third party suppliers resumed after the gradual lifting of lockdowns and travel restrictions since the second half of 2020. As we had maintained adequate inventory levels and communicated with the relevant suppliers regarding logistics arrangements, we did not have any material disturbance or supply shortages, and did not experience any material interruption in our production during the Track Record Period.

- ***Impact on logistics arrangements.*** As a consequence of lockdowns and travel restrictions in the first half of 2020, there were temporary transportation disruptions to raw milk and beef cattle deliveries to our customers, regardless of whether we or the customers arrange for the transportation. We also renegotiated the logistics arrangements with certain of our customers. As our customers typically bear the transportation costs, the increase in transportation costs has not had any material adverse effect on our financial performance. Deliveries of our raw milk and beef cattle resumed after the gradual lifting of lockdowns and travel restrictions since the second half of 2020.

- ***Recent resurgence of COVID-19 outbreak in 2022.*** Since the start of 2022, there has been a resurgence of COVID-19 cases in certain major cities across China (particularly in Shanghai), which led to the imposition of lockdown and strict social distancing and quarantine measures by the local governments. Such measures resulted in temporary closure or adversely impacted the operations of various restaurants in the affected cities, including restaurants operated by customers of our beef cattle business since March 2022. This in turn negatively affected the demand for our beef cattle, which resulted in a 10.3% decrease in average selling price for our beef cattle in the six months ended 30 June 2022 compared to the same period in 2021. Average selling prices of our Holstein normal finisher cattle decreased from RMB35,293/ton in the three months ended 30 September 2021 to RMB33,224/ton in the three months ended 30 September 2022.

  The resurgence of COVID-19 cases and the restrictive measures implemented by the local governments in 2022 did not affect our raw milk business because the demand for milk products from end customers remained strong and the downstream dairy product manufacturers have taken measures to adapt to the restrictive measures, such as making the raw milk into powdered milk. Revenue generated from our raw milk business increased by 19.4% from US$203.0 million in the six months ended 30 June 2021 to US$242.3 million in the six months ended 30 June 2022, which was mainly the result of a 21.6% increase in the sales volume of raw milk driven by the increase in our milkable cow herd as our heifers matured and we acquired the Pure Source dairy farms. Revenue generated from our raw milk business also increased in the three months ended 30 September 2022 as compared to the three months ended 30 September 2021, which was primarily driven by the increase in the sales volume of raw milk as a result of the expansion of our dairy cow herd size and the increase in milk yield.

  Due to the restrictive measures implemented by the local government in response to the resurgence of COVID-19 cases, the construction of our feed mill factory progressed slower than originally planned. As a result, the commencement date for operations of the feed mill factory is currently expected to be delayed to the first quarter of 2023.

Based on the foregoing, the Directors are of the view that the COVID-19 pandemic has not had, and currently is not expected to have in the foreseeable future, a material adverse impact on our operations and financial performance.

We have implemented precautionary measures and safety protocols throughout our farms. Due to the rapidly evolving global situation, the risk of further waves of infections, the range of national responses including border closures, and the uncertainties surrounding vaccine efficacy, we cannot predict the duration or the ultimate impact of the COVID-19 pandemic. See "*Risk Factors – The COVID-19 pandemic and measures intended to prevent its spread may have a material adverse impact on our business and results of operations*".

RECENT DEVELOPMENTS

Set forth below are certain material developments in relation to our business and results of operations for the three months ended 30 September 2022 as compared to the same period in 2021, based on our unaudited management accounts:

Raw milk business

- Our average dairy cow herd (using the average of the beginning and ending number of heads during the relevant period) increased from 98,694 heads to 112,828 heads.

- Average selling prices of raw milk decreased slightly from RMB4,912/ton to RMB4,691/ton, which reflects the raw milk supply and demand dynamics.

- Sales volume of raw milk increased from approximately 151,985 tons to approximately 182,098 tons, driven by the expansion of our dairy cow herd size and the increase in milk yield.

- Production volume of raw milk increased from approximately 162,352 tons to approximately 193,148 tons due to (i) the ramping up of Farm 8 and (ii) the acquisition of Pure Source dairy farms (Farm 9 and Farm 10).

- Annualised average milk yield increased from 12.3 tons to 13.1 tons, even after accounting for the impact of lower milk yield due to the acquisition of Pure Source dairy farms.

- Average feeding costs for our raw milk sold continued to increase from RMB2.2/kg to RMB2.6/kg, primarily due to increase in the purchase price of feed and feed additives, which was in line with the market trend.

- As a result of the foregoing, we recorded lower profit and net profit margin for our raw milk business for the three months ended 30 September 2022 as compared to the same period in 2021, despite the increase in our revenue.

Beef cattle business

- Our average beef cattle herd (using the average of the beginning and ending number of heads during the relevant period) increased from 23,793 heads to 29,312 heads.

- Average selling prices of Holstein normal finisher cattle decreased from RMB35,293/ton to RMB33,224/ton, which was primarily due to (i) lower demand for beef associated with restaurants closures during the city- or district-wide lock-down in various parts of China in the three months ended 30 September 2022, and (ii) the increased proportion of our beef cattle sold in Inner Mongolia in the three months ended 30 September 2022, which generally had a lower average selling price than our beef cattle sold in Shandong.

- Sales volume of Holstein normal finisher cattle decreased from 3,258 heads to 3,193 heads.

- Average feeding costs for our beef cattle sold also increased as the average purchase price of the main feed and feed additives for our beef cattle business increased from RMB2.1/kg to RMB2.8/kg, which was in line with the market trend.

- As a result of the foregoing, we recorded lower profit and net profit margin for our beef cattle business for the three months ended 30 September 2022 as compared to the same period in 2021, despite the increase in our revenue.

We expect to record a decrease in profit for 2022 as compared to 2021, which is primarily due to (i) an expected increase in our feeding costs; and (ii) an expected increase in our general and administrative expenses in connection with share-based compensation and listing expenses that we expect to incur in 2022.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects since 30 June 2022, being the end date of the periods reported on in the Accountants' Report included in Appendix I to this prospectus, and there has been no event since 30 June 2022 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this prospectus.

CERTAIN SINGAPORE TAX IMPLICATIONS

The Company was incorporated in Singapore and accordingly, potential investors in the Global Offering are advised to consult their own tax advisers for the overall tax consequence of acquiring, owning or selling the Shares. Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher. Where the acquisition of the Shares is effected by physical instruments of transfer executed wholly outside Singapore and the instruments of transfer are not received in Singapore, no stamp duty is payable on the acquisition of the Shares. In the case of acquisition of the Shares on the Stock Exchange where there is only an acquisition of beneficial interest in the Shares as reflected through the designated CCASS Participant's stock account, no stamp duty should be payable based on current legislation. There is no comprehensive double tax treaty entered into between Hong Kong and Singapore. Recipients of dividends or other Singapore income who are residents in other jurisdictions are advised to consult their own tax advisers on whether they may claim double taxation relief in accordance with any tax treaty (or under domestic legislation) if such income is taxed in their respective jurisdictions. The holding of the Shares through CCASS or outside CCASS should not give rise to any additional Singapore income tax implications. See "*Appendix III – Regulatory Overview and Taxation*" for further details.

Company	AustAsia Group Ltd.
Global Offering	Global offering of initially 30,640,000 Offer Shares (excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option) comprising the following:
Hong Kong Public Offering	3,064,000 Shares (subject to reallocation)
International Offering	27,576,000 Offer Shares (subject to reallocation and the Over-allotment Option)
Over-allotment Option	Up to 4,596,000 additional Shares representing not more than 15% of the number of Offer Shares initially being offered under the Global Offering, to be issued by the Company
Offer Price Range	HK$5.79 to HK$7.00
Price Determination	The Offer Price is expected to be determined on or about Wednesday, 21 December 2022 and, in any event, not later than Thursday, 29 December 2022.
Lock-up Undertakings	• The Company – six months from the Listing Date. • Each Controlling Shareholder – six months absolute lock-up and further six months lock-up on disposal of Shares that would result in it ceasing to be a Controlling Shareholder of the Company.
Market Capitalisation at Listing	Expected to be between HK$4,070 million (based on the Minimum Offer Price) and HK$4,883 million (based on the Maximum Offer Price).
Listing and Trading	Expected to commence on Friday, 30 December 2022.
Board Lot	1,000 Shares

See "*Underwriting*" and "*Structure of the Global Offering*" for further details.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Group.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

INFORMATION AND REPRESENTATION

The Company has issued this prospectus solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should only rely on the information contained in this prospectus to make your investment decision. Neither the Company nor any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. No representation is made that there has been no change or development reasonably likely to involve a change in the Group's affairs since the date of this prospectus or that the information contained in this prospectus is correct as of any date subsequent to its date. In addition, no representation is made in relation to any local accounts published by the Group in the jurisdictions in which the Group operates, and these should not be relied upon by prospective investors, and may be inconsistent with the information contained within this prospectus.

GLOBAL OFFERING

This document is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Hong Kong Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus, and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorised by the Company or the Relevant Persons.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or about Wednesday, 21 December 2022 and, in any event, not later than Thursday, 29 December 2022. The Offer Price will not be more than HK$7.00 per Offer Share and is expected to be not less than HK$5.79 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 29 December 2022 between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

See *"Underwriting"* for further information about the Underwriters and the underwriting arrangement. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in the Shares or exercising any rights attached to them. It is emphasised that none of the Company or the Relevant Persons accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, the Shares or exercising any rights attached to them.

This prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this prospectus, including, without limitation:

(a) the discussions of our business strategies, objectives and expectations regarding our future operations, margins, profitability, liquidity and capital resources;

(b) any statements concerning the future development of, and trends and conditions in, the dairy and beef industries and the general economy of the countries in which we operate or plan to operate;

(c) any statements concerning our ability to control costs or raise adequate and timely funding;

(d) any statements concerning the nature of, and potential for, the future development of our business; and

(e) any statements preceded by, followed by or that include words and expressions such as "expect", "believe", "plan", "intend", "estimate", "forecast", "project", "anticipate", "seek", "may", "will", "ought to", "would", "should" and "could" or similar words or statements,

as they relate to the Group or our management, are forward-looking statements.

These statements are based on assumptions regarding our present and future business, our business strategies and the environment in which we will operate. These forward-looking statements reflect our current views as to future events and are not a guarantee of our future performance. Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions, including the risk factors described in "*Risk Factors*". Important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements include, among other things, the following:

- developments in our business strategies and business plans;
- prevailing economic, industry and market conditions in which we operate;
- consumer preference, confidence and demand in the markets where our products are sold;
- consumer acceptance of our products and effectiveness of our marketing activities;
- our ability to maintain our presence in the markets, as well as our ability to further expand our distribution network;
- our relationships with our distributor, customers and suppliers and ability to negotiate favourable agreement terms;
- uncertainties relating to our ability to expand our dairy farms and beef cattle feedlots;
- effectiveness of our quality control and consumer feedback systems;

- developments of our competitors and other competitive pressures within the industries in which we operate;

- regulatory changes affecting, among other things, the dairy and agricultural industries, accounting standards and taxes;

- uncertainties relating to our future prospects, business development, results of operations and financial condition; and

- changes in our future capital needs and capital expenditure plans.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation, and undertake no obligation, to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in "*Risk Factors*".

In this prospectus, statements of or references to our intentions or that of any of the Directors are made as of the date of this prospectus. Any of these intentions may change in light of future developments.

An investment in the Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with all the other information contained in this prospectus, before deciding whether to invest in the Shares. If any of the following events occurs or if these risks or any additional risks not currently known to us or which we now deem immaterial materialise, our business, financial condition, results of operations and/or our ability to meet our financial obligations could be materially and adversely affected. The market price of the Shares could fall significantly due to any of these events or risks (or such additional risks) and you may lose your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects.

These factors contain possibilities that may or may not occur, and we are not in a position to express a view on the likelihood of any such possiblity occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Responsibility Statement and Forward-Looking Statements".

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and financial results are sensitive to market prices of raw milk and beef cattle.

The profitability of our operations is affected by the selling prices of our products. Under our raw milk supply agreements, the prices of our raw milk are generally determined based on quality indicators (such as the protein content) as well as prevailing market prices. Under our beef cattle supply agreements, the prices of our beef cattle are generally based on benchmarks against prevailing market prices of beef cattle with similar quality and attributes. The prices at which we sell our raw milk and beef cattle will depend on our ability to sustain the quality of our products, as well as continued growth in demand for these products in China.

Historically, the prices of raw milk and beef cattle in China have been volatile, primarily due to fluctuations in the supply and demand of dairy and beef products. For example, the monthly raw milk price in China declined by 2.3% from RMB3,612 per ton in January 2019 to RMB3,530 per ton in May 2019, which increased by 8.7% to RMB3,838 per ton in December 2019, and followed by a 7.5% decline from RMB3,852 per ton in January 2020 to RMB3,565 per ton in May 2020. Since May 2020, the monthly raw milk price in China showed an upward trend, which increased by 20.8% to RMB4,306 per ton in December 2021 followed by a slight decline of 4.1% to RMB4,130 per ton in June 2022. During the Track Record Period, the monthly average wholesale price of beef cattle in China generally showed an upward trend since May 2019, which increased by 24.5% from RMB29.5 per kilogramme in May 2019 to RMB36.8 per kilogramme in December 2021. The beef cattle price remained relatively stable in the first half of 2022. See "*Industry Overview – The Raw Milk Supply Industry in China – Raw Milk Price*" and "*Industry Overview – The Beef Cattle Industry in China – Beef Cattle and Beef Price*" for details. The prices at which we sell our raw milk and beef cattle will be influenced by the rates at which the levels of consumer demand for milk and beef products grow in China, as well as the rates at which the raw milk and beef cattle industries increase supply to meet this demand. We cannot predict whether the prices of raw milk and beef cattle in China will continue to increase at the same pace or at all in the future.

In addition, the market prices of raw milk and beef cattle are subject to various other market forces and factors that are beyond our control, including fluctuations in the prices of commodities, supply and demand of both the dairy and beef markets in China and globally, as well as seasonal variations in supply and demand. Various aspects of our operations, including sales, production capacity and utilisation, working capital and operating cash flow, are exposed to the risks associated with the above factors. If the prices of our raw milk and beef cattle decline, and we are unable to sell more of these products at profitable levels, our revenues and profitability will be adversely affected.

Fluctuations in market prices of raw materials, as well as any disruptions in the supply of raw materials, could have a material adverse effect on our financial condition and results of operations.

The raw materials that we require for our business mainly comprise silage (made from corn and alfalfa), forage grass (primarily alfalfa and oat hay), corn and soybean-based products. As with most agricultural products, the cost and available supply of raw materials are generally subject to market conditions, which may be affected by a number of factors over which we have limited or no control. These factors include (i) general economic and geopolitical conditions; (ii) government regulations and actions, in particular with regard to government intervention in food prices and environmental protection; (iii) government policies and changes in supply and demand of commodities in both local (PRC) and the global markets; (iv) livestock illness and diseases, (v) various plant diseases, pests and other acts of nature (vi) adverse weather conditions, including the impact of weather on water supply, and the supply and pricing of grains, and (vii) suppliers' business performance.

We require a substantial amount of raw materials, and a continuous and stable supply of raw materials that meet our requirements and quality standards is crucial for our operations. Our feeding costs accounted for 70.9%, 73.3%, 71.7%, 70.3% and 72.9% of our cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Although we grow a portion of our crops on our own farms, we currently purchase the majority of our supplies from third-party suppliers and distributors, some of which are located outside of China, and we expect to continue to do so in the future. We also rely on external suppliers for other raw materials such as feed additives.

We have typically purchased our raw materials through short-term purchase agreements with our suppliers. We source our suppliers based on various factors, including cattle population, total mixed rations, price, existing inventory levels, warehouse capacity and delivery lead time. We rely on our suppliers to perform their contractual obligations and deliver high-quality raw materials in a timely manner. The renewal of our supply contracts is subject to mutual consent and approval, and we cannot guarantee that our raw material suppliers will agree to renew our contracts or that they will continue to satisfy our expectations. While we have not experienced any major disturbances or supply shortages in the past, we cannot guarantee that our suppliers will continue their business relationship with us and deliver us sufficient raw materials in a timely manner on commercially acceptable terms to us, or at all. If our agreements with these suppliers are terminated, interrupted, or adversely modified, we cannot guarantee that we will be able to secure alternative sources of raw materials with comparable prices or amounts on terms favourable to us in a timely manner, or at all. Any loss of our major suppliers or non-performance by our suppliers of their contractual obligations in a timely manner or at all, could result in delays to our production schedule and increase our cost of sales, thereby materially and adversely affecting our business, financial condition and results of operations.

Furthermore, in the event that our supply of raw materials or supply chain management processes are disrupted for any reason, our business, financial condition and results of operations may be materially and adversely affected. For example, during the COVID-19 pandemic, we encountered a temporary delay in the delivery of raw materials by our third-party suppliers. For more details, see "*– The COVID-19 pandemic and measures intended to prevent its spread may have a material adverse impact on our business and results of operations*". Any inability to procure sufficient quantities of raw materials, adjust our procurement strategy could materially and adversely affect our ability to deliver contracted volumes of raw milk and beef cattle, increase our inventory carrying costs, increase our risk of exposure to inventory obsolescence, and reduce our competitiveness. We are generally not able to pass on short-term increases in our costs to our raw milk customers due to the pricing mechanism in our raw milk sales contracts. We typically negotiate with customers and set the selling prices of our raw milk annually. Although we typically negotiate with customers and set the selling prices of our beef cattle monthly, we may not succeed in shifting all the increases in costs to our beef cattle customers. See "*Business – Our Customers – Pricing*" for details. For example, despite the increase in our average selling price of beef cattle, our gross profit margin for beef cattle business decreased from 2020 to 2021, which was primarily due to the increase in feeding costs, which we were not able to completely pass on to our customers. If we are unable to effectively manage the price fluctuations, any significant increase in the prices of raw materials would adversely impact our profit margin.

The quality of our raw milk and milk yield are influenced by a number of factors, some of which are not fully within our control.

In addition to herd quality, the quality of our raw milk and milk yield are influenced by a number of factors, including (i) seasonal factors, with dairy cows generally producing more milk in temperate weather than in cold or hot weather, meaning that extended unseasonable cold or hot weather could potentially lead to lower than expected raw milk production; (ii) raw materials and feed supply factors, with the volume and quality of milk produced by dairy cows being linked closely to the nutritional quality of the feed provided, and (iii) potential outbreaks of diseases and illness among cattle and other livestock in China.

Although we have not experienced material negative impacts due to the factors mentioned above, or any other factors (such as climate change) which could influence raw milk production, volume or quality, any failure to take adequate steps to mitigate or pre-empt the likelihood or potential impact of such events, or to effectively respond to such events if they occur, could materially and adversely affect our business, financial condition and results of operations.

Fair value adjustments to our biological assets are subject to a number of assumptions which involve unobservable inputs and can adversely affect our results of operations.

We have a significant amount of biological assets, primarily consisting of dairy cows, including milkable cows, heifers and calves, and beef cattle. As of 30 June 2022, we had a total herd size of 111,424 heads of dairy cows (57,383 of which are milkable cows and 54,041 are calves and heifers) and 28,152 heads of beef cattle. The fair value of our biological assets totalled US$386.0 million, US$419.8 million, US$526.9 million and US$560.5 million as of 31 December 2019, 2020 and 2021 and 30 June 2022. All of our dairy cows and beef cattle are subject to biological assets fair valuation. The fair values of our material biological assets (namely dairy cows and beef cattle) at each reporting date during the Track Record Period were determined by an independent professional valuer. We also intend to engage independent professional valuers to determine the fair values of our material biological assets (namely dairy cows and beef cattle) going forward. In valuing our biological assets, the independent valuer has relied on a number of parameters and assumptions which may vary from time to time, including observable inputs such as (i) the number and classification of dairy cows and beef cattle and (ii) the market price per head of our calves and heifers, and significant unobservable inputs such as (i) revenues from milking the dairy cows and the costs associated with the milkable cows and (ii) the market price per head for newborn and mature beef cattle among others. Such parameters and assumptions utilised by the independent professional valuer may be more favourable than the actual historical rates. While these parameters and assumptions as adopted in the valuation process have been consistent with our actual historical results, we cannot guarantee that there will be no significant deviation in the future and that the resulting adjustments will not be highly volatile or susceptible to significant fluctuations from period to period. For details on the valuation and the application of various parameters and assumptions, see "*Financial Information – Valuation of Biological Assets*".

During the Track Record Period, our biological assets were revalued at each reporting date. Not including gains arising on initial recognition of raw milk at fair value less cost to sell at the point of harvest and gains arising from changes in fair value less cost to sell of beef cattle, we recorded losses arising from changes in fair value less costs to sell of other biological assets of US$12.0 million, US$14.2 million and US$11.3 million in 2019, 2020, 2021 and gains arising from changes in fair value less costs to sell of other biological assets of US$16.7 million and US$2.0 million in the six months ended 30 June 2021 and 2022.

Our historical results of operations, particularly our gross profit and profit of the year, have been affected by gains/losses arising on initial recognition of raw milk at fair value less cost at the point of harvest, gains/losses arising from changes in fair value less cost to sell of beef cattle, and from changes in fair value less costs to sell of other biological assets. Any increase (decrease) in raw milk and beef prices will positively (negatively) affect both our revenue generated from selling raw milk and beef cattle, and gains/losses arising from biological assets fair value adjustments, making our results of operations volatile. Unrealised fair value gains/ losses on biological assets can fluctuate significantly from period to period, are non-cash in nature and are derived from many assumptions. We cannot guarantee that the fair value of our biological assets will not decrease in the future. As a result of revaluations of our biological assets from time to time, our financial condition and results of operations may change significantly from period to period. Any decrease in raw milk or beef prices will negatively affect the fair value of our biological assets and our results of operations. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we recorded unrealised fair value gains on our biological assets of US$48.7 million, US$48.6 million, US$63.8 million, US$49.2 million and US$32.0 million, arising from changes in fair value less costs to sell of biological assets of the continuing operations, as estimated by the Group's management. In particular, upward adjustments and gains so recognised do not generate any cash inflow for our operations in the period in which the amount is recognised. As a result, when evaluating our results of operations and profitability, you should consider our profits and margins without taking into account the effects of these biological asset fair value adjustments. For details on the biological asset fair value adjustments, see "*Financial Information – Major Factors Affecting our Results of Operations and Financial Condition – Changes in Fair Value of Biological Assets*".

Changes in our portfolio of customers, consumer preferences and consumption behaviour can adversely affect our business.

Rapid growth and structural changes in the downstream dairy landscape have increased the demand for high-end raw milk in the upstream market. Leading national and regional dairy manufacturers, as well as emerging dairy brands, are focusing more on new product development to meet consumers' growing demand for diversified high-end milk products. In addition, changes in nutritional awareness and consumption trends in China have resulted in steady growth in the demand for beef products.

Our revenue and profitability depend on our ability to anticipate, identify and appropriately react to the evolving consumption structure of the downstream dairy and beef markets in China. The evolving trend of healthier lifestyle or dietary preferences can also lead to decreases in the demand for dairy and beef products. In particular, sales of our products could be affected by nutritional and health-related concerns about our products, such as fat, cholesterol, calories, sodium, lactose, sucrose, bacteria, hormones, antibiotics, genetically modified organisms (GMOs), additives and other ingredients contained in these products. In addition, China's dairy and beef industries may experience slower growth due to market saturation or competition from alternative products, such as soy-based beverages, plant-based milks and meats and substitute products, which may have a negative impact upon the market share and growth of the dairy and beef products markets. Fluctuations in the market prices of substitute products can also affect the selling prices of our raw milk and beef cattle.

Consumer preferences and consumption structure in the downstream dairy and beef markets are constantly changing and our failure to anticipate, identify, interpret and appropriately react to these changes could lead to decreasing demand for and reductions in the prices of our raw milk and beef cattle, which could materially and adversely affect our business, financial condition and results of operations.

We face significant competition in our businesses and may not be able to compete successfully against our existing competitors and future market entrants.

We face significant competition in our business. Both the raw milk supply market and beef cattle farming market in China are highly fragmented. The top five dairy farm operators in China accounted for an aggregate market share of 15.0% in terms of the production of raw milk in 2021. The beef cattle farming industry in China is dominated by small-scale farms and individual farmers. The largest fifteen beef cattle farming companies accounted for only 0.76% of the market share in terms of the number of beef cattle as of December 31, 2021. We mainly compete with other large-scale dairy farm operators in China for our raw milk business. Our key competitors in the raw milk business include China Youran Dairy Group Limited, China Modern Dairy Holdings Limited and China Shengmu Organic Milk Limited, according to Frost & Sullivan. Our key competitors in the beef cattle farming industry include several private beef cattle farming companies, according to Frost & Sullivan. These private beef cattle farming companies are principally engaged in beef cattle operations, including, among other things, fattening and slaughtering of beef cattle and producing various beef products. For further details on our competitive landscape, see "*Business – Competition*". We primarily compete on the basis of (i) our value proposition to our customers by providing a high-quality, reliable and consistent supply of raw milk and beef cattle, as evidenced by our raw milk quality indicators which are above the industry standards, see "*Business – Raw Milk Business – Our Raw Milk*"; (ii) our production and distribution capabilities; (iii) our ability to meet customers' order requirements and delivery schedules within exacting timelines; (iv) the stability of our relationships with our customers; and (v) price.

We need to commit significant managerial, financial and human resources to obtain and maintain our competitive advantage in the raw milk and beef cattle markets. In addition, both the raw milk and beef cattle markets are subject to rapid changes and new market entrants. Our competitors may have greater brand recognition, technical know-how, financial and marketing resources, longer operating histories, larger customer base, and may be able to increase cost competitiveness by improving their operating models, develop products of a comparable or superior quality to ours or be able to adapt more quickly than we can to evolving consumer preferences, consumption behaviour or emerging market trends. Furthermore, our competitors may form alliances that strengthen their competitive position by achieving operating scale or sales networks that would make it more difficult for us to compete. Our competitors may also use aggressive pricing strategies, and provide greater incentives and subsidies to customers to expand their market share. Competition with existing competitors and future market entrants in the raw milk and beef cattle markets could require us to increase capital investment, marketing and promotional efforts and other expenditures or prevent us from increasing our selling prices to recover higher costs, thereby causing us to reduce margins or lose market share. If we fail to compete effectively with our current or potential competitors, our business and prospects could be materially and adversely affected.

Changes in our relationships with our major customers, or in our commercial terms with these customers, may adversely affect our business and results of operations.

We are dependent on revenue from our major customers. Our sales to our top five customers in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 81.0%, 72.6%, 65.7% and 65.3% of the Group's total revenue from continuing operations. For further details, see "*Financial Information – Year-to-year Comparison of Results of Operation*s" and "*Business – Our Customers*". The contribution to our sales from these major customers exposes us to a number of risks that could have a material adverse effect on our revenue and profitability. Sales to our major customers could decline as a consequence of several factors, such as lower demand for those customers' products in the Chinese market on account of changing consumer preferences or an increase in the market share of our customers' competitors, or on account of our inability to fulfil our customers' purchase orders in the required quantities or quality and on schedule. Should any of our major customers substantially reduce their demand for our products or terminate their business relationship with us for any reason and we are unable to locate alternative customers within a reasonable period of time, or our major customers fail to settle their payments on time, we will lose the recurring revenue generated from these customers.

Moreover, even though we have built stable business relationships with our major customers, we cannot guarantee that we will be able to maintain our relationships with these major customers or that we will continue to benefit from cooperation with them in the future. Our sales agreements with our major customers typically have a term of five years, and under those agreements our major customers are not obliged to purchase our products in the future at levels similar to those in the past or at all. If our agreements with any of our major customers are terminated, we may not be able to renew those agreements or renegotiate favourable terms with those customers, which could materially and adversely affect our business, financial condition and results of operations.

Changes in the bargaining power between raw milk suppliers and downstream dairy product manufacturers may adversely affect our business and results of operation.

The dairy industry in China is highly concentrated, with the top five players together accounting for 76.3% market share in terms of retail sales value of dairy products in 2021. On the other hand, the raw milk supply market in China is highly fragmented, with the top five players accounting for aggregate market share of 14.1%, 15.5% and 15.0% in terms of the sales volume, sales value and production volume of raw milk in 2021, respectively. In addition, most of the top dairy farming companies are mainly dependent on their largest shareholders, who are also their largest downstream customers. With the high market concentration in the downstream dairy market, leading dairy groups have more bargaining power in the pricing of raw milk. Although the emerging dairy brands have been gaining more market share, there is uncertainty as to whether such emerging dairy brands can maintain their double-digit growth. We may not be able to maintain the diversification of our customer base, and may be adversely affected by the concentration of downstream dairy product manufacturers.

We may not be able to continue to benefit from our strategic business relationship with our shareholder-customers.

Certain of our customers are also our strategic investors, such as Meiji China, Chi Forest, New Hope Dairy and Honest Dairy. Such investors have contributed to our revenue by purchasing our premium raw milk during the Track Record Period. For example, we entered into a raw milk sale and purchase framework agreement with Meiji China's subsidiary to establish a long-term commercial and strategic cooperation with Meiji China and to further expand the business operations of the Group. See "*Connected Transactions – C. Non-exempt Continuing Connected Transactions – 3. Raw Milk Purchase and Sale Agreement*" for details. Under the raw milk sales and purchase agreements with such investors, we are entitled to terminate the agreements and be compensated of losses resulting from the breach of contract by our customers. Nevertheless, we cannot guarantee that our shareholder-customers would not breach their obligations under the raw milk sales and purchase agreements and fail to purchase raw milk in accordance with the terms of those agreements. If such breach occurs, and we are not able to find other customers to purchase the contracted raw milk, sales of our raw milk would be negatively impacted.

Any major outbreak of diseases at our farms, at neighbouring farms or attributed to livestock generally, could significantly affect our production and supply, and demand for our products.

A major outbreak of any illness or disease at any of our farms could have a significant adverse impact on our raw milk production capacity and volume, as well as on our beef cattle. Sources of disease may include contaminated water, raw materials and purchased cattle, air-borne pathogens, our employees and staff, as well as visitors to our farms. We take extensive precautions to ensure that our dairy cows and beef cattle are healthy and that our farms and other facilities operate in a sanitary manner. See "*Business – Herd Health and Animal Welfare*".

During the Track Record Period and up to the Latest Practicable Date, none of our dairy farms or beef cattle feedlots experienced any major outbreaks of illness or disease, such as bovine spongiform encephalopathy (commonly known as "mad cow disease"), brucellosis, foot-and-mouth disease, bovine tuberculosis, mastitis or any other animal diseases. However, we cannot guarantee that we will be able to maintain optimum animal health, or that animal diseases or major outbreaks will not occur at our farms or neighbouring farms. Further, we cannot guarantee that we will not fail to monitor or detect any illness or diseases among our dairy cows and beef cattle or at neighbouring farms. Any major outbreak of illness or disease, such as brucellosis, foot-and-mouth disease, bovine tuberculosis, mastitis or any other serious disease at any of our farms may lead to significant shortfalls in our raw milk and beef cattle production.

Diseases affecting cattle can reduce the number of calves produced, hamper the growth of calves to finishing size, require examination of all our cattle, result in expensive medication and vaccination costs, require quarantine or disposal of infected cattle and, in extreme cases, require culling of large quantities of cattle and suspension of our business operations in the affected facilities, any of which could materially and adversely affect our production and our ability to sell our raw milk and beef cattle.

Although we carry insurance policies to cover us against losses related to illness and disease in our cattle, and we may also be entitled to receive government compensation in the event of an outbreak of a disease, we cannot guarantee that these will be sufficient to cover all of our losses in the event of an outbreak, particularly intangible losses including damage to our reputation and corporate image. An outbreak of any diseases at neighbouring farms could also result in customer and public concerns, which could in turn adversely impact our sales, reputation and results of operations. In addition, a major outbreak of any illness or disease in animals in China could lead to a significant loss of consumer confidence in, and demand for, dairy and beef products. Adverse publicity about these types of concerns, whether valid or not, may discourage consumers from buying dairy and beef products. It may also result in increased regulation and legislative scrutiny of market practices as well as increased litigation, which may further increase our costs of doing business. Any of the above factors could adversely affect our business, financial condition and results of operations.

Any actual or perceived food safety issue or product contamination related to our products or the dairy or beef industry generally could harm our reputation, financial condition and results of operations, and subject us to product liability claims and regulatory actions.

We are subject to risks affecting the food industry generally, including risks posed by food spoilage and contamination, contamination of feed and other raw materials, product tampering and adulteration, product labelling errors, and product recalls.

During the Track Record Period, our products were not found to have contaminants or reported to be associated with any contamination incidents, and we have not had to conduct any product recalls. Despite the measures we have in place to control the quality of our raw milk and milk products, there can be no guarantee that contamination of these products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. If our raw milk or milk products are found to be contaminated during the inspection process, we could be subject to sales returns or the delivery of these products could be refused, which could reduce our sales. In addition, following the delivery of our raw milk and beef cattle to our customers, our products are subsequently used in our customers' downstream products. If those downstream products are contaminated, and if the contamination can ultimately be traced back to our raw milk or beef cattle, we could be subject to product liability claims by individuals for damages, including, among other things, medical expenses, disability and wrongful death. Any product liability claim made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and strain our administrative and financial resources. Such incidents will also affect our customers' confidence in our raw milk and beef cattle, which will in turn adversely affect the sales of our products. If we are found in violation of applicable food safety laws (e.g. Food Safety Law of the PRC (中華人民共和國食品安全法), which took effect on 1 June 2009, and was further amended in April 2021, and Law of the PRC on Quality and Safety of Agricultural Products (中華人民共和國農產品質量安全法), which took effect on 1 November 2006, was amended in October 2018 and further amended in September 2022 the amendments of which will take effect in January 2023), we could be subject to penalties including monetary fines, confiscation of equipment and/or the revocation of licences needed to conduct our business, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Under the terms of our contracts with our major customers, we have agreed to indemnify our customers for losses arising from product contamination, if the product contamination can ultimately be determined to be the result of our negligence. Large scale contamination incidents could result in indemnification claims that may have a material adverse effect on our financial condition and results of operations. In addition, publication of information alleging that our raw milk or beef cattle contain or have contained any contaminants, or negative publicity about the quality of our products, could expose us to general product liability claims, government scrutiny and regulatory investigations, and adversely affect our business, financial condition and results of operations, regardless of whether such publication or publicity has any factual basis.

The COVID-19 pandemic and measures intended to prevent its spread may have a material adverse impact on our business and results of operations.

The COVID-19 pandemic may have a material adverse impact on our business and results of operations. The COVID-19 outbreak in China in late 2019 resulted in widespread and prolonged government-mandated lockdowns across China, impacting agricultural operations, industrial and corporate facilities, transportation links, and other logistics facilities. At the beginning of 2020, in response to intensifying efforts to contain the spread of COVID-19, stringent measures, including mandatory quarantines and inspection, travel restrictions, suspension of public transportation and prohibition of social and work gatherings were imposed in numerous regions across China, causing a significant reduction in regional and national economic activity. Furthermore, the outbreak of the COVID-19 "Delta" variant in China in July 2021 resulted in the imposition of lockdowns and movement restrictions in more than half of China's 31 provinces. Since the start of 2022, China experienced a resurgence of regional COVID-19 outbreaks, which has resulted in the implementation of various restrictive measures in major cities.

Although we have not experienced material disruptions due to the factors mentioned above, any failure to take adequate steps to mitigate or pre-empt the likelihood or potential impact of such events, or to effectively respond to such events if they occur, could materially and adversely affect our business, financial condition and results of operations. For example, as a consequence of lockdown and government restrictions, we experienced transportation disruptions to raw milk and beef cattle deliveries to our customers in the first half of 2020. Furthermore, the lockdown and government restrictions also resulted in temporary closure or adversely impacted the operations of various restaurants in the affected cities, including restaurants operated by customers of our beef cattle business since March 2022, which in turn negatively affected the demand of our beef cattle. In addition, due to the restrictive measures implemented by the local government in response to the resurgence of COVID-19 cases, the construction of our feed mill factory progressed slower than originally planned. As a result, the commencement date for operations of the feed mill factory is currently expected to be delayed to the first quarter of 2023. See "*Summary – Impact from COVID-19*" for details.

In addition, we have implemented a number of precautionary and safety protocols throughout our farms. However, due to the rapidly evolving global situation, the risk of further waves of infections, the range of national responses including border closures, and the uncertainties surrounding vaccine efficacy, we cannot predict the duration or the ultimate impact of the COVID-19 pandemic. As a result, the duration and extent of the effect of COVID-19 on our business and results of operations is not determinable. If the COVID-19 pandemic persists or is not effectively and timely controlled, whether through the outbreak of new virus strains or otherwise, further lockdowns and travel disruptions may occur, farm closures may be required, and we may experience lower production levels, additional direct costs and lost revenue. We cannot guarantee that we will have adequate and successful arrangements for transportation and raw materials supplies to sustain our production to meet customer demand if there is another wave of the COVID-19 pandemic. In addition, if our suppliers experience COVID-19 related closures or reductions in their capacity utilisation levels in the future, we may have difficulty sourcing the raw materials necessary to fulfil production requirements. Any of these factors, or outbreaks of other contagious diseases such as SARS, H5N1 avian influenza, human swine flu or another epidemic, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to sustain our historical growth rates, and our historical performance may not be indicative of our future growth or financial results.

Our revenue from continuing operations increased from US$351.5 million in 2019 to US$521.9 million in 2021, representing a CAGR of 21.9%, and increased by 15.4% from US$241.2 million in the six months ended 30 June 2021 to US$278.3 million in the six months ended 30 June 2022. Our net profit from continuing operations increased from US$74.6 million in 2019 to US$104.6 million in 2021, representing a CAGR of 18.4%. Our net profit from continuing operations was US$80.0 million and US$29.8 million in the six months ended 30 June 2021 and 2022. Although we have realised rapid growth from 2019 to 2021, there is no guarantee that we will be able to maintain our historical growth in the future. Our revenue and profitability may vary from period to period in response to a variety of factors beyond our control. These factors can include general economic and geopolitical conditions, increasing competition, decreasing dairy and beef consumption, changing consumer preferences, slowing growth of China's dairy and beef industries, supply chain and production bottlenecks, government regulations and policies affecting our industry and our ability to control costs and operating expenses. Further, our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future market price of our Shares to decline, as well as adverse effects on our business and prospects. You should not place undue reliance on our historical results to predict our future financial performance.

We are subject to risks associated with managing future growth and expansion.

Our future growth may depend on managing and establishing new dairy farms, beef cattle feedlots and feed mills, expanding our existing farm operations, ramping up our production capabilities and capacities, launching new products and services, expanding our geographic coverage, expanding our sales network, and entering new markets or new sales channels. For more details, see "*Business – Strategies*" and "*Future Plans and Use of Proceeds*". Our business expansion plans are based on assumptions of future events which may entail certain risks and are inherently subject to uncertainties, and our ability to achieve growth will be subject to a number of factors, including (i) competing effectively with other companies in the relevant industry; (ii) maintaining effective quality control and sustaining high quality standards; (iii) expanding our sales network and strengthening our existing relationships with customers; (iv) improving operational, financial, and farm management systems, procedures and controls; (v) prioritising our operational, financial and management controls and systems in an efficient and effective manner; (vi) acquiring or renting land parcels of suitable size and location for our operations, in particular for dairy cow farming and cattle breeding; and (vii) managing our various suppliers and leveraging our procuring power.

We currently have 10 dairy farms and two beef cattle feedlots, with one feed mill under construction, one new dairy farm, the construction for which has commenced in April 2022 and one new dairy farm, the construction for which is expected to commence in April 2023. We are also in discussions with a third-party downstream milk producer and the local government to establish new farm facilities in Inner Mongolia. Establishing and expanding our dairy farms, beef cattle feedlots and feed mill facilities requires significant capital and construction lead time. There is typically a lag time of approximately one year from the commencement of construction to commencement of milking and approximately one year from commencement of milking to reach full production capacity. We typically need to procure additional raw materials, construct manufacturing, production, warehousing and transportation infrastructure, and increase distribution and marketing channels to support our expansion plans. In addition, as we expand our business across new regions in China, we may encounter regulatory, personnel and other difficulties that may increase our expenses, and we may be unable to find suitable parcels of land for new farms, which could delay our plans or impair our ability to become profitable in these regions.

Further, our capital expenditure plans in relation to the proposed expansion of our dairy farms, beef cattle feedlots and feed mills remain subject to the potential problems and uncertainties that construction activities typically face. Problems that could adversely affect our expansion plans include cost overruns, failure to raise sufficient funds, skilled labour shortages, increased costs of equipment or manpower, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, working capital shortages, environment and ecology costs, and other external factors which may not be within the control of our management.

There can be no guarantee that our proposed expansions will be completed as planned or on schedule, and if they are not completed in a timely manner, or at all, our budgeted costs may be insufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets or we are unable to obtain additional financing, or even if our budgets were sufficient to cover such activities, we may not be able to achieve the intended economic benefits of such capital expenditure, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects.

Our recent acquisitions, strategic investments, partnerships or alliances with strategic investors, may be difficult to integrate, and may adversely affect our financial condition and results of operations.

On 30 June 2021, we completed the acquisition of 100% of the equity interest of Falcon Dairy Holdings Limited, whose PRC subsidiary Pure Source Dairy owns two dairy farms in Qihe, Shandong. We believe that the acquisition will help us accelerate our expansion in the dynamic Chinese dairy market, where the demand for quality and healthy dairy products is expected to increase, and take advantage of the favourable raw milk price environment due to the current supply shortage in the market. However, there can be no guarantee that our investment in Pure Source Dairy will bring the anticipated strategic benefits to us or that we will be able to successfully integrate Pure Source Dairy into our existing businesses. For further details, see "*History and Corporate Structure – Acquisitions and Disposals*".

We may, from time to time, look for additional opportunities to acquire businesses or enter into strategic partnerships, alliances or joint ventures. If we choose to grow through acquisitions, we may face risks including (i) difficulties integrating the personnel, operations, technology, internal controls and financial reporting of companies we acquire into our operations; (ii) disruption of our ongoing business and diversion of the attention of our management; (iii) potential loss of skilled professionals and established client relationships of the businesses we acquire; (iv) unforeseen or hidden liabilities or costs post-acquisition; (v) regulatory hurdles in closing an acquisition; (vi) negative publicity, litigation, government inquiries, investigations or actions against us; and (vii) challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and alliances. In addition, acquisitions may result in impairment of goodwill and other intangible assets, adversely affecting our financial condition and results of operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. As a result, we may not be able to achieve the strategic purpose of such acquisitions or operational integrations or our targeted return on investment.

The future growth of our business partly depends on the quality and supply of cattle and bovine semen.

The success and expansion of our raw milk and beef cattle businesses depend on our ability to import sufficient numbers of cattle (particularly high-quality heifers) to support our farms, as well as having access to high-quality bovine semen. For example, we plan to import cattle from Australia for the construction of new farms, including Pure Source Farm 3 (Farm 11) and Pure Source Farm 4 (Farm 12). See "*Business – Raw Milk Business – Our Dairy Farms*" and "*Future Plans and Use of Proceeds*" for details.

Since 2018, we have implemented a genetic improvement programme to increase pregnancy rates, optimise genetic traits and reproductivity of dairy cows. As compared to the common industry practice of relying on imported bovine semen, we use in vitro fertilisation ("**IVF**") and embryo transfer ("**ET**") breeding technology to breed better dairy cows. We plan to build core herd centres and expand the genetic improvement programme in our farms with ET technology, which can enhance raw milk and beef cattle yields. We plan to use genomic testing and in vitro embryo production technology to rapidly build a core herd of cattle with desired genes and genetic traits, thereby boosting our producing capacity and accelerating the genetic improvement of our existing dairy cows and beef cattle. With the support of these new technologies, we expect that our farms will achieve higher operational efficiency, larger production capacity and enhanced product quality.

Any failure to successfully import or breed dairy cows, or to find alternative sources of heifers for our new farms, could adversely affect our growth prospects. Further, should our supply of bovine semen for dairy cattle be disrupted or its quality deteriorate for any reason, the genetic quality of our herd, and in turn, the quality and yield of raw milk produced by our dairy cows, may not improve at the rate we expect in the long term. In addition to milk yield, our ability to maintain high-quality dairy cows has an impact on the protein and fat content of our raw milk and beef cattle, which in turn could impact the selling price of our raw milk and beef cattle.

In addition, any adverse event, such as an outbreak of disease or illness, labour strikes, riots, export control and other government restrictions or economic downturns, within Australia or other countries or regions from which we import or plan to import high-quality heifers or bovine semen may cause disruption or shortage of supply, deterioration of quality and price fluctuation of the heifers and bovine semen, which could have a material adverse effect on our business and results of operations. Any of these above factors or other factors which could influence raw milk production could potentially lower our raw milk production volume, and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Disruptions of operations at our dairy farms and beef cattle feedlots could materially and adversely affect our business.

Our business depends on the smooth operations of our dairy farms and beef cattle feedlots. We rely on key machinery and equipment at our dairy farms and beef cattle feedlots to achieve mass production of our raw milk and farming of beef cattle. Significant unscheduled downtime at one or more of our dairy farms or beef cattle feedlots due to utility supply disturbances, equipment breakdowns, power failures, planned power outages, extreme weather conditions, fire or explosion, natural disasters or other unforeseeable incidents could cause material disruptions in our operations or delay our delivery schedules. Also, we may experience difficulties and delays inherent in the production and sale of our raw milk and beef cattle, such as (i) forced closing or suspension of production at our dairy farms; (ii) our failure, or the failure of any of our suppliers, distributors, or retailers, to comply with applicable regulations and quality assurance guidelines that could lead to temporary product seizure or recalls, production shutdowns or delays and product shortages, and (iii) other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply. In addition, any mechanical failures or breakdowns could disrupt our production and cause us to incur significant expenses to repair or replace the affected machines, mechanical systems or equipment. Should our ability to operate our dairy farms or beef cattle feedlots be compromised for any reason and if alternative facilities cannot be located, it could take a significant amount of time and resources to restore our production capabilities. This could materially and adversely disrupt and delay our production, reduce our production capacity, and cause deterioration or loss of our products which, in turn, could affect our ability to supply raw milk and beef cattle to our customers.

Although we have not experienced material disruptions due to the factors mentioned above, any failure to take adequate steps to mitigate or pre-empt the likelihood or potential impact of such events, or to effectively respond to such events if they occur, could materially and adversely affect our business, financial condition and results of operations.

Personal injuries, damage to property or fatal accidents may occur at our dairy farms or beef cattle feedlots.

We use production vehicles, machinery and equipment in our production processes such as heating machines and biogas generation facilities which are potentially dangerous and may cause industrial accidents and personal injuries to our employees. In addition, our employees may inadvertently violate safety measures or other related rules, regulations and standard operating procedures, which may cause personal injuries, damage to property or fatal accidents. Any significant accident could materially interrupt our production schedules, result in personal injuries or fatalities, damage to properties, machinery and equipment, as well as legal and regulatory liabilities. Potential industrial accidents leading to significant property loss or personal injury may subject us to claims and legal proceedings, and we may be liable for medical expenses and other payments to employees and their families as well as fines or penalties. As a result, our reputation, brand, business, financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, we had two workplace safety incidents at our farms, which resulted in fatalities. Our subsidiaries were fined RMB490,000 for each incident by the relevant local authority, which have been paid in full as of the Latest Practicable Date. Although we were able to recover some losses associated with incidents through insurance and have enhanced our internal control and relevant training and education, there is no guarantee that such accidents will not occur in the future. For details, see "*Business – Environmental, Social and Governance – Occupational Health and Safety*".

Our business operations are subject to environmental, social and governance risks.

Our business operations are subject to environmental, social and governance ("**ESG**") risks, including those related to climate change. Our farms are located in the northern part of China, with one beef cattle feedlot and three dairy farms in Inner Mongolia, and one beef cattle feedlot and seven dairy farms in Shandong. These areas are subject to the risk of severe weather conditions (e.g. ice and snow) that could potentially lower the yield and quality of our raw milk and quality of our beef cattle. Extreme heat conditions across China could also have an adverse impact on the health of our dairy cows and beef cattle, which may result in lower production volumes and reduced quality.

In addition, we may experience indirect impacts from supply chain disruption if we or our suppliers, especially our raw materials suppliers, suffer from extreme weather conditions such as snow, ice and floods. The decrease in our raw milk yield, beef quality or disruptions to our supply chain management may impact our ability to fulfil our existing contractual obligations, which, in turn, may cause monetary damages and loss of existing and potential customers.

Furthermore, the relevant PRC laws and regulations, including the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* (中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見), adopted by Central Committee of the Communist Party of China and State Council on 22 September 2021, and the *Notice by the State Council of the Action Plan for Carbon Dioxide Peaking Before 2030* (國務院關於印發2030年前碳達峰行動方案的通知), which took effect on 24 October 2021, have established guidance and work plans that are expected to promote carbon emissions reduction and carbon sequestration in agriculture and rural areas.

We have set medium to long-term sustainability targets. We will continue to improve our operational efficiency such as average milk yield to reduce the GHG emission per ton of raw milk we produce. We strive to reduce the level of GHGs emitted by our dairy cows and beef cattle through the following measures: (i) to improve work efficiency and increase average daily milking so as to reduce the GHG emission per tons of raw milk produced; (ii) to explore new technology and build facilities that consume less energy and reduce GHG emissions; (iii) to explore the use of green energy like photovoltaic power generation; (iv) to explore the use of biogas to generate electricity for our production, as a result to reduce the usage of grid electricity which generates higher GHG emission; and (v) to explore the use of methane-reducing feed additives in order to reduce the GHG emission from cattle. However, there can be no guarantee that the measures we implement would be effective, if at all, to manage or control the level of GHG emissions or our carbon footprint. Any failure on our part to adequately manage or control our GHG emissions could result in increases in our GHG emissions and our carbon footprint, which may subject us to administrative penalties or additional costs associated with addressing the increased GHG emissions.

If we fail to meet our emission reduction and resource consumption targets or continue to reduce our emissions and resource consumption in general, our business, reputation and financial condition may be materially adversely affected. Moreover, we expect the focus on environmental, social and corporate governance matters, particularly for publicly listed companies, to intensify. This will require greater accountability to our public (including any institutional) shareholders, as well as our customers and, possibly, their ultimate consumers. Tightened environmental regulations and policies may also require significant investment to be made in transforming our business and operations, as well as our dairy farms and beef cattle feedlots. If we are unable to achieve and demonstrate the required level of environmental, social and corporate governance compliance, our business, results of operations, financial condition and reputation will be adversely affected.

Our sales and distribution capacity are sensitive to the continued growth, success and market position of our major customers.

Our success depends in part on the success of our major customers and is premised on the projected growth of our customers' businesses. There may be significant fluctuations in the demand for our customers' products based on their continued growth, success and market position. This exposes us to a number of risks that could have a material adverse effect on our revenue and profitability. For example, sales of our products to our major customers could decline as a consequence of several factors, such as lower demand for our customers' products in China on account of changing consumer preferences or an increase in the market share of our major customer's competitors, or on account of our inability to fulfil our major customers' purchase orders in the required quantities or quality and on schedule. In addition, emerging brand customers pose a further risk as it is more difficult for us to anticipate the demand for these customers' products due to the lack of historical data. As a result, our credit risks with respect to these customers, especially with respect to trade accounts receivable and inventories, and the risk that these customers may be unable to fulfil their contractual obligations, are potentially higher.

Any suspension of purchases or payment delays by our major customers will adversely affect our cash flows and working capital. Furthermore, any adverse actions against our major customers, including regulatory issues, litigation or challenges affecting the business, products, technologies, prospects or intellectual property of our major customers could also limit or reduce their demand for our raw milk and beef cattle. If any of these risks were to materialise, or our revenues from our major customers decrease and we are unable to replace the lost revenue with revenue from other customers, or if we were to lose any of our major customers as a customer for any reason, our business, financial condition and results of operations will be adversely affected.

We may be exposed to credit risks related to our trade receivables.

Our trade receivables represent the outstanding amounts receivable by us from our customers in connection with the sales of our raw milk and milk products. Trade receivables are recognised when we have an unconditional right to contract consideration and upon invoicing the customer based on the payment schedule provided in the relevant agreements. Trade receivables are generally due for settlement within one year and therefore are all classified as current. We set credit terms based on customer's sizes and credit ratings, and grant certain credit term, generally ranged from 30 to 90 days, to customers who meet the requirements, as well as appropriate extensions based on the evaluation of customers' credit ratings.

As of 31 December 2019, 2020, 2021 and 30 June 2022, trade receivables amounts of US$37.2 million, US$33.4 million, US$40.4 million and US$37.4 million were pledged to banks to secure certain of our bank borrowings. As of 31 October 2022, our trade receivables of US$41.1 million were settled, representing 99.7% of our trade receivables outstanding as of 30 June 2022. Our average trade receivables turnover days were 51 days, 40 days, 29 days and 29 days for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022. The decrease in the average trade receivables turnover days from 2019 to 2020 was mainly due to our disposal of GDS, which had higher average trade receivables turnover days. For further details, see "*Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position Items of our Group – Trade Receivables*".

We have policies in place to ensure that sales are made to customers with an appropriate credit history and have policies on granting different settlement methods to different customers to monitor the credit exposure. Despite these measures, we cannot guarantee that none of our customers will default on their obligations to us in the future. Historically, we have not experienced material collection issues in connection with our trade and bill receivables. However, there is no guarantee that all such amounts due to us will be settled on time. Our performance, liquidity and profitability will be adversely affected if significant amounts due to us are not settled on time.

Our breeding efforts may not be successful or yield the returns or benefits that we expect, and we may not be able to successfully offer our customers new products and maintain our competitiveness.

We are reliant on our breeding, nutrition and feeding technologies to enhance the production quality and milk yield of our dairy cows and quality of our beef cattle. On each dairy farm, we have a team of around 15 specialised technicians who are dedicated to breeding cows. In addition, our headquarters has a team of technical experts focused on implementing embryo transfer (ET) technology and providing guidance on breeding. As of the Latest Practicable Date, we have adopted in vitro fertilisation (IVF) and ET technology in eight dairy farms in Shandong and Inner Mongolia. As of the Latest Practicable Date, we have so far transferred more than 12,950 embryos and produced approximately 2,200 Holstein offspring.

Although we have effectively increased pregnancy rates and optimised genetic traits and reproductivity of dairy cows to date, we cannot guarantee that we will continue to develop or improve our breeding technologies. We plan to build core herd centres and expand the genetic improvement programme in our farms with ET technology, which can enhance milk yield and beef cattle yields. We plan to use genomic testing and in vitro embryo production technology to rapidly build a core herd of cattle with desired genes and genetic traits, thereby boosting our production capacity and accelerating the genetic improvement of the existing cows and cattle. However, we cannot guarantee that our investment in these technologies would produce these expected outcomes, in which case our business, financial condition, results of operations and prospects could be materially and adversely affected.

If third party logistics providers are unable to deliver our raw milk or beef cattle to customers in a timely manner, our business, profitability and operations could be adversely affected.

Timely delivery and proper transportation of our products are crucial to our business. For our raw milk business, our customers generally arrange to collect the raw milk from our dairy farms in milk trucks. We sometimes arrange outbound logistics of the raw milk produced, which is paid for by the customers. For our beef cattle business, food service companies arrange to collect the live beef cattle from our beef cattle feedlots. We do not arrange outbound logistics of live beef cattle. In our ancillary business, we contract with third-party logistics providers to transport and deliver our in-house "澳亞牧場 AustAsia" branded milk products to our customers.

Due to the perishable nature of our raw milk and milk products, we utilise logistics service providers who specialise in the temperature-controlled storage, preservation and transportation of cargo that is sensitive to atmospheric conditions and needs to maintain a certain temperature (i.e. cold chain logistics). This is imperative for our raw milk and milk products, as spoiled milk can have serious consequences on the health and wellbeing of consumers. Additionally, any such delay or failure could also have an adverse impact on our business relationships with our customers and, as a result, our business, financial condition and results of operations could be materially and adversely affected.

We do not have any direct control over third party logistics service providers and cannot guarantee the quality of their services. If there is any delay in delivery, damage to products resulting from poor handling or any other issue, we may lose customers and sales and our brand image may be damaged. Moreover, delays in delivery due to disruptions to the transportation network, such as transportation shortages, work stoppages or infrastructure congestion, could adversely impact our ability to timely deliver products to our customers. If we are unable to maintain or develop good relationships with logistics service providers, we may experience increases in our costs, or disruption to our ability to offer products in sufficient quantities on a timely basis or at prices acceptable to our customers.

Furthermore, any compensation received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and may not repair any damage to our relationships with our affected customers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects. For further details, see "*Business – Logistics*".

We may require additional funding to finance our operations, which may not be available on favourable terms or at all.

We currently fund our operations principally through cash flow generated from operations, bank facilities available to us and cash and cash equivalents on hand. To finance our ongoing operations, expansion of our dairy farms, beef cattle feedlots and feed mills, investment in R&D, existing and future capital expenditure requirements, other investment plans and funding requirements, we may need to obtain adequate external debt financing and equity fund raising from external sources from time to time to supplement our internal sources of liquidity in the future. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including, among other things (i) regulatory approvals to obtain financing in the domestic or international markets; (ii) our financial condition, results of operations, cash flows and credit history; (iii) the condition of the global and domestic financial markets and changes in the monetary and fiscal policies in China, with resulting effects on bank interest rates and lending practices and conditions.

We had bank loans of US$212.5 million, US$142.6 million, US$268.0 million, US$276.4 million and US$288.6 million as of 31 December 2019, 2020, 2021 and 30 June and 31 October 2022. For further details, see "*Financial Information – Indebtedness – Bank Borrowings*". Our ability to obtain external financing is subject to a variety of uncertainties, including our financial condition, results of operations, cash flows and liquidity of the domestic and international capital and lending markets. In addition, our loan agreements may contain financial covenants that restrict our ability to incur additional indebtedness without our lenders' consent. Any indebtedness that we may incur in the future may also contain operating and financing covenants that could be restrictive. Financing may not be available in a timely manner or in amounts or on terms acceptable to us, or at all. A large amount of bank borrowings and other debt may result in a significant increase in interest expenses while at the same time exposing us to increased interest rate risks, and may also affect our ability to fund our operations and planned developments. If we are required to raise equity financing, this could result in dilution to our Shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our Shares. Any failure to raise additional funds on favourable terms or in a timely manner or at all could severely restrict our liquidity and have a material adverse effect on our business, financial condition and results of operations.

Our efforts in obtaining and protecting our intellectual property may be costly and unsuccessful and we may not be able to protect our intellectual property rights.

We rely primarily on trademarks, trade secrets protection and other contractual restrictions to protect our intellectual property rights. As of the Latest Practicable Date, we had obtained 40 registered trademarks in the PRC, 4 registered trademarks in Hong Kong, 8 registered trademarks in Macau, 16 registered trademarks overseas and 2 domain names in the PRC. For detailed information about our material intellectual property, see "*Appendix V – Statutory and General Information*".

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC. However, we cannot predict that the steps we have taken to protect our trade name, trademarks and other intellectual property rights are sufficient or will be sufficient to protect such intellectual property rights, or that such intellectual property rights will not be subject to infringement in the future. Any unauthorised use of such intellectual property rights could harm our brand, market image and reputation, which could adversely affect our financial condition and results of operations. In addition, our results of operations may be adversely affected as a result of incurring additional costs and the diversion of management's attention when initiating any trade name or trademark claims.

Third parties may assert or claim that we have infringed their intellectual property rights.

We may from time to time be involved in intellectual property infringement claims brought by our competitors or other third parties. The defence of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. In addition, we may not achieve a favourable outcome in any such litigation. If any claim is adversely determined against us in any of such potential litigation or proceedings, we could be subject to significant liability to third parties. As a result, we may be required to seek licences from third parties and pay ongoing royalties. We could further be subject to injunctions prohibiting the production or sale of our products or the use of our technologies. Protracted litigation could also result in our existing or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

Changes in the international trade environment, and ongoing trade conflict, could adversely affect our business.

Changes in trade policies, treaties and tariffs could negatively impact our business and financial performance. For example, we imported approximately 8.3% of feed (e.g. alfalfa and oat hay) from the United States in 2021. Occasionally, we also purchase from importers bovine semen which originate from the United States. In July 2018, the Chinese government increased tariffs of goods originating in the United States, including raising tariffs on alfalfa hay from 7% to 32%. This led to higher prices for imported alfalfa hay and higher costs for the dairy farming operators in China, including us. In September 2020, China's Tariff Commission of the State Council announced that it would exempt the additional tariffs on imported alfalfa hay and refund the previous additional tariffs of 25%. Accordingly, we were imposed additional tariffs of approximately RMB29.9 million with respect to our imported alfalfa hay during the Track Record Period, which had been fully refunded by the Chinese government as of the Latest Practicable Date.

On 14 February 2020, the *Economic and Trade Agreement Between the Government of the People's Republic of China and the Government of the United States: Phase One* (the "**Phase One Agreement**") went into effect. The Phase One Agreement requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange. The Phase One Agreement also includes a commitment by China that it will make substantial additional purchases of US goods and services in the coming years. However, in relation to the ongoing geopolitical friction between the United States and China, it remains unclear what additional actions, if any, will be taken by the US or other governments with respect to the Phase One Agreement and any other international trade agreements, foreign policies or other matters. As a result, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain.

During the Track Record Period and up to the Latest Practicable Date, the trade relationships between China and other countries, including the United States, did not have any material adverse impact on our business and financial performance. However, if any new tariffs or trade restrictions are imposed by the governments on alfalfa hay or bovine semen in the future, our feed cost would increase, and we may need to source alternatives from domestic suppliers.

In addition, concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Chinese economy. The Chinese market and economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and other economies in the Asia-Pacific region. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including China. Any worldwide financial instability may cause increased volatility in the Chinese financial markets and, directly or indirectly, adversely affect the Chinese economy and financial sector and us.

Furthermore, these developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. As a result, any significant financial disruption could materially and adversely affect our business, prospects, financial condition, results of operation, cash flows and reduce the price of the Shares.

The ongoing conflict between Russia and Ukraine has resulted in an increase in the prices of certain bulk commodities, which may in turn adversely affect our business.

Since May 2022, the ongoing conflict between Russia and Ukraine has resulted in major economic sanctions against Russia, thereby resulting in restrictions on the export of certain agricultural products such as soybean and corn that are used as feeds. Both Russia and Ukraine are among the world's major producers and net exporters of agricultural products such as corn and grain. The Russia-Ukraine conflict has driven up the prices of crude oil and resulted in large-scale panic buying of key commodities, which has caused a sharp upward rally in commodity prices. If the restrictive measures imposed on bulk commodities continue, it could lead to lower bulk commodities trading globally over the long term. Significant price fluctuations in these commodities has affected and may affect the prices at which we source our feeds. As we do not directly source our feeds from Russia or Ukraine, we have not experienced any supply shortage as of the Latest Practicable Date. However, the rippling effect of the Russia-Ukraine conflict globally has contributed to the increase in the price of our feeds through tighter supply. If the Russia-Ukraine conflict persists or escalates, it could further disrupt the supply chains and affect the raw materials that we need for our business, which in turn could adversely affect our business, financial condition and results of operations.

Our results of operations are subject to fluctuations due to seasonality.

Seasonality in our raw materials may cause fluctuations in our financial results. For example, we typically purchase silage during the harvest season between September and November each year, which are subsequently being utilised throughout the entire year that follows. As such, we had a lower level of inventories of US$109.2 million as of 30 June 2022 as compared to US$160.7 million as of 31 December 2021. For the same reason, our inventory turnover days also decreased from 140 days for 2021 to 116 days for the six months ended 30 June 2022. Our raw milk quality and milk yield are also influenced by seasonal factors as dairy cows generally produce more milk in a lower temperature environment. As such, prolonged summertime temperatures may lead to lower than expected raw milk production. In addition, we generally record higher sales of raw milk, beef cattle and branded milk products during the second half of the year where there are more public holidays and customers tend to purchase more products for their own consumption or as gifts.

Changes in public health and food safety laws and regulations may adversely affect our business.

Our business operations are currently subject to extensive public health and food safety laws and regulations promulgated by a wide range of government authorities in China, such as the State Council, the State Administration for Market Regulation, the National Health Commission and the Ministry of Agriculture and Rural Affairs of China. We cannot predict that the relevant government authorities in China will not change the existing laws or regulations, or adopt additional or more onerous laws or regulations applicable to us and our business operations.

Any significant changes to the public health and food safety laws and regulations, including those concerning the quality and safety of dairy and beef cattle, food quality and safety standards as a whole, as well as food production and quality control processes, may require the reconfiguration or upgrading of our methods and procedures for sourcing raw materials, production, processing and delivery of raw milk and beef cattle. We cannot accurately predict the details of such future laws and regulations, or accurately estimate the potential impact on our business operations. The costs of compliance with current or future legal or regulatory requirements may be costly, and could force us to curtail our operations significantly, which could materially and adversely affect our business, prospects, financial condition, results of operation, cash flows. In addition, any failure to comply adequately or in a timely manner may cause us to suffer from civil damages, administrative penalties or criminal sanctions, any of which could have an adverse effect on our business, financial condition, results of operations, reputation and prospects.

We may not continue to benefit from favourable government policies, subsidies and preferential tax treatments.

We benefit from certain subsidies, tax exemptions and preferential tax rates provided by the PRC government in relation to policies that favour China's domestic dairy and beef industries. According to the *Law of the PRC on Enterprise Income Tax* (中華人民共和國企業所得稅法) (the "**EIT Law**") and the *Implementing Regulations of the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法實施條例) (the "**EIT Implementing Regulations**"), both of which came into effect on 1 January 2008, income from animal husbandry are exempted from enterprise income tax. Since we engage in dairy cows and beef cattle breeding, raw milk business and beef cattle business, we are entitled to such income tax exemptions. In addition, according to the *Interim Regulations on Value-added Tax of the PRC* (中華人民共和國增值稅暫行條例), we are exempt from VAT on income derived from sale of self-produced agricultural products from our raw milk business and beef cattle business. The PRC government has introduced the above stimulatory tax-cut measures to promote, among other things, improved industrialisation and specialisation levels of the animal husbandry industry, acceleration of the breeding and promotion of fine breeds of livestock and increase in milk yield of dairy cows. For further details, see "*Financial Information – Major Factors Affecting our Results of Operations and Financial Condition – Government Support*", "*Financial Information – Description of Major Components of Our Results of Operations – Other Income and Gains*" and "*Financial Information – Description of Major Components of Our Results of Operations – Income Tax Expenses*".

Moreover, in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we recognised total government grants amounting to approximately US$2.5 million, US$2.5 million, US$2.8 million, US$1.3 million and US$2.0 million. There can be no guarantee that the preferential tax treatment, government subsidies and financial incentives that we enjoy will not be altered or terminated. Any alteration or termination of our current preferential tax treatments, government subsidies or financial incentives could have a material and adverse effect on our business, financial condition, results of operations and profitability.

Any failure to obtain or renew any of the approvals, licences, permits or certificates required for our raw milk or beef cattle business could materially and adversely affect our operations.

Our business requires us to obtain and renew, from time to time, certain approvals, licences, registrations and permits. For example, we are required to obtain animal epidemic certificate for our dairy and beef farming business, as well as a raw milk purchase permit for our dairy farming business. Most of the licences we require are subject to examinations or verifications by relevant authorities, valid only for a fixed period of time and subject to renewal and accreditation. As of the Latest Practicable Date, we have obtained all material licences, permits and approvals required under the PRC laws, except for one PRC subsidiary which has not completed the environmental protection inspections and acceptance procedures required before being commencing operations. For further details, see "*Business – Licences, Regulatory Approvals and Certificates*" and "*– Our environmental related costs may increase, and the expansion of our production capacity may be constrained if China's environmental protection laws become more onerous, and any non-compliance with relevant environmental protection laws could lead to the imposition of fines and penalties*".

We cannot guarantee that we will be able to renew all of the licences when they expire. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. Further, the approvals, licences, registrations and permits issued to us may be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to us, as well as any non-compliance incidents, may impede our operations and any inadvertent continued operations may be subject to fines, penalties and orders to cease construction or operation of the relevant dairy farms or beef cattle feedlots, or terminate usage of the relevant properties.

Furthermore, as we expand our business, we will require new approvals, licences and permits for our expanded or newly developed dairy farms, beef cattle feedlots and feed mills. If we are not able to obtain the required approvals, licences and permits, we will not be able to expand the scale of our operations or produce and deliver sufficient quantities of our raw milk and beef cattle to our customers. Any of these factors could materially and adversely affect our operations, financial condition and prospects.

Failure to maintain optimum inventory levels and conditions could increase our inventory holding costs and adversely affect our operations and financial condition.

Maintaining optimal inventory levels of our raw milk and milk products is critical to the success of our business. We have implemented measures to monitor inventory levels and minimise overstocking. We are exposed to inventory risks as a result of a variety of factors, some of which are beyond our control, including spoilage of raw milk due to its perishable nature, obsolescence risks due to unexpected material fluctuations or abnormalities in the supply and demand of our milk products, return of our milk products due to delay in delivery or unacceptable quality, as well as competitors' introduction of competing milk products. Any such events may result in increasing inventory holding costs which, in turn, increases the risk of obsolescence.

In addition, certain biological items have specialised storage and transportation requirements. For example, semen and embryo products are generally stored in a frozen state. Raw milk is usually stored at specific temperature and humidity levels, with strict requirements on the length and manner of transportation. Any deviations from the required storage environment may result in a reduction in the quality of our raw milk in stock, including loss of products due to spoilage, which could have a material and adverse effect on our business operations and profitability. During the Track Record Period, we did not incur any material inventory holding costs relating to obsolescence or any other risks. However, we cannot guarantee that the above events and factors will not occur in the future.

Our level of indebtedness and the terms of our indebtedness could adversely affect our business and liquidity position.

At the close of business on 31 October 2022, being the latest practicable date for the purpose of the indebtedness statement prior to the date of this prospectus, our indebtedness included (i) interest-bearing bank borrowings of US$288.6 million; (ii) loans from a shareholder of US$25.5 million and (iii) lease liabilities of US$182.9 million. As of the same date, we had unutilised bank borrowings of US$192.5 million. For further details, see "*Financial Information – Indebtedness*". Significant indebtedness could have important consequences for our business and operations including:

- limiting or impairing our ability to obtain financing, refinance our indebtedness, obtain share capital or debt financing on commercially reasonable terms or at all, which could cause us to default and materially impair our liquidity;

- restricting or impeding our ability to obtain financing in capital markets at attractive rates and increasing the cost of future borrowings;

- reducing our flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow for other purposes;

- placing us at a competitive disadvantage compared to our competitors that have lower leverage ratio or better access to capital resources;

- limiting our ability to dispose of assets that secure our indebtedness or utilise the proceeds of such dispositions and, upon an event of default under any such secured indebtedness, allowing the lenders thereunder to foreclose upon our assets pledged as collateral; and

- increasing our vulnerability to downturns in general economic, or industry conditions, or in our business.

In addition, the terms of our indebtedness may contain affirmative, negative or restrictive covenants that restrict our ability to incur additional indebtedness, declare or pay any dividends without our lenders' consent. Should market conditions deteriorate, or if our operating results were to be depressed, we may need to request amendments or waivers to the covenants and restrictions under our facility agreements. There can be no guarantee that we will be able to obtain such relief should it be needed. In addition, our facility agreements with several banks include change of control provisions which require Japfa and certain affiliates of Japfa, taken as a group, to maintain a minimum holding in the issued share capital of the Company. See "*Financial Information – Disclosure under Rules 13.13 to 13.19 of the Listing Rules*" for more details. A breach of any of these covenants or restrictions could result in a default that would permit our lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest, trigger cross-default provisions under other facility agreements and, as applicable, cause the termination of commitments of relevant lenders to make further extensions of credit under our facility agreements. If we are unable to repay our indebtedness to our lenders in such an event, the lenders could, among other things, dispose of collateral, which could include substantially all of our assets. Our future ability to comply with financial covenants and other conditions, make scheduled payments of principal and interest or refinance existing borrowings depends on our business performance, which is subject to economic, financial, competitive and other risks. Any failure to comply with the covenants of our facility agreements or to obtain financing for our business could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we lose the services of our key executive officers or senior management, or are unable to retain, recruit and hire other skilled personnel, our ability to effectively manage and execute our operations and meet our strategic objectives could be harmed.

We depend on the efforts and abilities of our key executive officers, senior management and other employees who have made contributions to the growth and success of our business. These contributions include (i) construction of large-scale dairy farms and beef cattle feedlots, (ii) development of internal controls, farming management systems and farming practices, (iii) management of operations, (iv) development and training of employees, (v) establishment of long-term stable customer relationships, and (vi) maintenance of breeding, feeding, milking, veterinary care, quality control operations. For further details, see "*Directors and Senior Management*". If we were to lose such personnel, or if these individuals fail to devote the same amount of time and effort to our business as they have done in the past, we cannot guarantee that we would be able to replace such individuals with new personnel capable of making the same contribution in the near term or at all. Any loss or interruption in the services of our key management personnel or any negative market or industry perception arising from such loss could significantly affect our ability to effectively manage our operations and to meet our strategic objectives. In addition, we could incur additional expenses and need to devote significant time and resources to recruit and train replacement personnel, which could further disrupt our business and growth. Any of these factors may have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage may not cover all potential losses and liabilities.

We maintain insurance for cattle over 3 months old against losses caused by deaths due to diseases, accidents, and natural disasters. In the event that we incur certain types of losses in relation to our dairy cows and beef cattle, we may be entitled to government compensation. For example, the *Animal Epidemic Prevention Law of the PRC* (中華人民共和國動物防疫法), which came into effect on 1 January 1998 and was further amended in January 2021, sets up the legal framework on quarantine of animal and animal products, epidemic prevention and health protection in China. Pursuant to this law, farms are entitled to government compensation for losses resulting from livestock mass slaughter and destruction of animal products and relevant goods due to the prevention and control and elimination of animal diseases. However, the amounts of such compensation would be determined by the government and may be insufficient to cover all related losses. In addition, even if we do receive compensation from insurance companies or the government for the replacement of lost cattle, there is no guarantee that any replacement cattle would be of comparable genetic quality as to the lost cattle, which could lower our milk yield per cow and significantly affect the quality of our raw milk and beef cattle. This could in turn affect our results of operations, profitability and financial position.

We also maintain insurance coverage for our main production facilities and equipment. Additionally, we carry product liability insurance for our in-house "澳亞牧場 AustAsia" branded milk products. We also maintain mandatory social security insurance for our employees in China pursuant to PRC laws and we make contributions to mandatory social security funds for our employees.

As our insurance policies have limits on the total amount of claims and do not cover all potential losses, we may be required to use our own resources to cover financial and other losses, damages and liabilities. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not made any significant claims under these insurance policies, nor experienced any material difficulties in renewing our insurance policies.

We may experience increases in labour costs, shortage of labour or deterioration in labour relations.

Labour costs have been increasing and may continue to rise in the future. Any such increase could cause our production costs to increase and we may not be able to pass such increase to our customers due to competitive pricing pressures. Moreover, we cannot guarantee that we will not experience any shortage of labour for our dairy farms and beef cattle feedlots. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, financial condition and results of operations.

According to the Interim Provisions on Labour Despatch (勞務派遣暫行規定), promulgated by the Ministry of Human Resources and Social Security on 24 January 2014, which became effective on 1 March 2014, the number of despatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and despatched contract workers). In the Track Record Period, some of our subsidiaries' despatched workers exceeded 10% of their total number of employees. As a result, we may be subjected to a fine of not less than RMB5,000 but not more than RMB10,000 for each despatched worker in excess of the maximum limit. As of 30 June 2022, all of the relevant PRC subsidiaries had reduced the number of despatched workers and are in compliance with the labour despatch requirement.

If we decide to increase our number of despatched workers in the future and were found to be in violation of the rules regulating despatched contract workers, we may be subject to fines and penalties. Such penalties, and any labour shortages, increased labour costs or other factors affecting our labour force, may adversely affect our business, profitability and reputation.

Furthermore, our ability to successfully operate our business is dependent on our ability to maintain a stable workforce at our farms. Our production activities are labour intensive and require our management to undertake significant labour interface. During the Track Record Period, there were no labour disputes that materially and adversely affected our business. However, we cannot predict that we will not have any labour disputes in the future. Any shortages in labour for our dairy farms, and beef cattle feedlots, including any material increases in our staff costs may have a material and adverse effect on our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems consisting of organisational frameworks, policies, procedures and risk management methods that we believe are appropriate for our business operations, and we seek to continue to improve these systems. For details of our quality control measures, see "*Business – Quality Control*". However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot predict that such systems will be able to identify, mitigate and manage all our exposure to risks. In addition, our risk management and internal controls also depend on the proficiency of and implementation by our employees. Due to the large scale of our operations, we cannot predict that such implementation will not involve any human error or mistakes. Furthermore, the effectiveness of our operations depends on several factors, including the design and quality of our equipment, machinery and technology systems and our ability to ensure that our employees adhere to our production process guidelines and training. Although we implement quality control standards and measures throughout our entire dairy farms and beef cattle feedlots, production processes and operations, we cannot predict that our quality control systems will prove to be effective at all times, or that we can identify any defects in our quality control systems or non-compliance incidents in a timely manner, or at all. If we fail to timely adapt our risk management policies and procedures to our expanding business, our results of operations, financial condition and prospects could be materially and adversely affected.

Our business depends on real-time management systems that enable us to manage our business efficiently.

We rely, to a large extent, on our real-time management systems for the monitoring and management of our herds and farms, covering all processes from information collection to activity monitoring and breeding to milking. Our real-time management system includes cattle/herd management system, milking system, feeding system, production information management system, intelligent environment control system, enterprise resource planning (ERP) system, office automation (OA) system. For more details, see "*Business – Raw Milk Business – Farm Management*" and "*Business – Beef Cattle Business – Feedlot Management*". Our operating efficiency and quality control have been significantly enhanced by such real-time management systems. For example, our real-time management systems allow us to monitor the health, growth and productivity of each animal. We have not experienced any major real-time management systems failure in the past. However, we cannot guarantee that any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires, natural disasters and other similar events relating to our real-time management systems will not happen in the future. Additionally, restoring any damaged real-time management systems may cause us to incur significant time and costs and require additional workforce. If any serious damage or significant interruption occurs, our operations may be disrupted and business adversely affected.

We are subject to uncertainties with respect to our farms that use leased collectively-owned agricultural land. Any failure to secure renewal of the current leases of our farms on commercially acceptable terms or at all could adversely affect our business.

Certain of our farms involve the occupation of collectively-owned agricultural land. We currently have a total of ten dairy farms and two beef cattle feedlots in operation in China, for which we are mainly using leased land. Two of our dairy farms and one beef cattle feedlot use leased state-owned land, and the other eight dairy farms and one beef feedlot use collectively-owned agricultural land. Most of the rural land parcels we leased were obtained through the circulation of the rural land contractual management rights. We cannot guarantee we can obtain renewal of the lease agreements upon expiry on at least the same terms or at all. In addition, there is uncertainty in relation to some of our leased land because the remaining period of the term of the contracts entered by us exceeds the term of villagers' rural land contractual management right.

We are exposed to the risk of litigation, claims and disputes, which may cause us to pay significant damages awards and incur other costs.

We are currently not involved in any litigation or legal proceedings that we believe could have a material adverse effect on our financial condition. However, we may at times be involved in litigation or legal proceedings during the ordinary course of business operations, or related to, among other things, product or other types of liability, labour disputes or contract disputes.

Substantial liability arising from a lawsuit judgment or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against the Directors, officers or employees could have a material adverse effect on our business, financial condition and results of operations. If we become involved in any litigation or other legal proceedings in the future, the outcome of such proceedings could be uncertain and could result in settlements or results which could adversely affect our financial condition. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, such proceedings could result in us incurring additional costs and significantly harm our reputation, as well as significant time and attention of our management, diverting their attention from the operations of our Company, which could materially affect our business, financial condition and results of operations.

Fluctuations in foreign currency exchange rates may lead to volatility in our reported results of operations.

The value of the Renminbi against the Hong Kong dollar, the US dollar and other currencies fluctuates, and is subject to changes resulting from the PRC government's policies. The value of the Renminbi also depends, to a large extent, on domestic and international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the US dollar or other currencies in the future. In addition, the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates, and to achieve policy goals. We are subject to the risk of volatility in future exchange rates and to the PRC government's controls on currency conversion. We had net foreign exchange losses of US$3.9 million, US$1.6 million and US$2.1 million in 2019, 2020 and the six months ended 30 June 2022, and net foreign exchange gains of US$0.8 million and US$0.2 million in 2021 and the six months ended 30 June 2021, respectively.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Moreover, we are also currently required to obtain approval from SAFE or its local branches or designated banks before converting significant sums of foreign currencies into Renminbi. Any of these factors could materially and adversely affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

Our consolidated financial statements are prepared and presented in US dollars. However, our local operations use certain other functional currencies such as the Renminbi, the United States dollar, the Singapore dollar and the Hong Kong dollar. For financial reporting purposes, transactions in foreign currencies are converted into the functional currency using the average exchange rates for the period during which the transactions occur. Monetary assets and liabilities outstanding at year end are converted at year-end rates. The resulting exchange differences are recorded in the consolidated statements of comprehensive income. In 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, we recognised losses of US$5.0 million, gains of US$34.2 million and US$17.2 million, gains of US$6.7 million and losses of US$42.3 million of exchange differences on translation of foreign operations in other comprehensive income, respectively. We also use derivative financial instruments, such as the forward currency contracts and interest rate swaps, to minimise our exposure to currency risk and interest rate risk. The exchange rates between the relevant local currencies and the Hong Kong dollar have historically fluctuated, and the translation effect of such fluctuations may affect our reported results of operations.

We have recorded, and may in the future be required to record, impairment losses on certain non-current assets.

We recorded impairment losses on financial assets of US$4.9 million in 2021, which represents the provision we made in light of the lower credit rating of our investee. Such investee incurred historical loss as its business was still at its early stage and has yet to achieve break-even production level. We did not record any such impairment losses in 2020.

We review our non-current assets, including property, plant and equipment, investment properties, right-of-use assets, goodwill and intangible assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, we measure impairment by comparing the carrying value of the non-current assets to the recoverable amount of the assets, which are the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of the assets, we recognise an impairment loss based on the recoverable amount of the assets. The application of non-current asset impairment test requires significant management judgement. If our estimates and judgements are inaccurate, the recoverable amount determined could be inaccurate and the impairment recognised may not be adequate, and we may need to record additional impairments in the future. Any significant impairment losses charged against our non-current assets could materially adversely affect our results of operations.

We may need to recognise impairment loss on our prepayments and other receivables, which could adversely affect our financial position.

We recorded prepayments, deposits and other receivables of US$10.7 million, US$8.4 million, US$18.7 million and US$25.9 million as of 31 December 2019, 2020 and 2021 and 30 June 2022. Our prepayments mainly comprise prepayments to our suppliers, which represent the amounts we prepaid for raw materials, which was to secure more feedstock in times of rising prices of feed material in relation to our business. If our suppliers fail to provide relevant raw materials to us in a timely manner or at all, we may be exposed to prepayment default risk and impairment loss risk in relation to the prepayments, which may in turn adversely affect our financial position. See also "*Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position Items of our Group – Prepayments, Other Receivables and Other Assets*" for further details.

As of 31 December 2019, 2020 and 2021 and 30 June 2022, we did not recognise any impairment loss on prepayments, deposits and other receivables. However, there is no assurance that there would not be any impairment charging on our prepayments, deposits and other receivables and we may record impairment losses on such amounts in the future, which may adversely affect our financial conditions.

The fair value of our equity investment designated at fair value through other comprehensive income and derivative financial instruments, which are subject to valuation uncertainty due to the use of unobservable inputs, fluctuated during the Track Record Period. We have recognised, and may continue to recognise, loss arising from changes in fair value of equity investment designated at fair value through other comprehensive income and derivative financial instruments in the future.

We have certain equity investment designated at fair value through other comprehensive income of US$1.2 million, US$1.2 million, US$0.8 million and US$0.8 million as of 31 December 2019, 2020 and 2021 and 30 June 2022. Such equity investment relates to our investment in an unlisted company, the fair value of which is estimated based on value of comparable listed companies and further taking into consideration discount for illiquidity and size differences. Such measurement, particularly the illiquidity discount, involves significant unobservable inputs, which involve a certain degree of uncertainty and over which we have no control. An increase in the illiquidity discount would result in a decrease in the fair value measurement of the equity investment. We recognised loss on changes in fair value of equity investment designated at fair value through other comprehensive income of US$6.3 million and US$417 thousand in 2019 and 2021, which was primarily due to the decreased value of comparable listed companies.

In addition, we had certain derivative financial instruments, including interest rate swaps and forward currency contracts, which are measured using quoted prices from financial institutions with which the interest rates swaps and forward currency contracts are entered into. Such measurement involves significant observable inputs, which involve a certain degree of uncertainty. Such derivative financial instruments are carried as assets when fair value is positive and as liabilities when the fair value is negative. We also recognised fair value and investment losses on derivative financial instruments of US$872 thousand, US$63 thousand and US$63 thousand under other expenses in 2020, 2021 and the six months ended 30 June 2021.

Accordingly, any changes in the fair value of equity investment designated at fair value through other comprehensive income and derivative financial instruments may affect our financial position and results of operations. We may continue to recognise loss on changes in fair value of equity investment designated at fair value through other comprehensive income and fair value and investment losses on derivative financial instruments in the future.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial position in the future.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when we consider it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Significant judgement is thus required to determine the amount of deferred income tax assets that can be recognised, including the timing and level of future taxable profits. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed, and the carrying amount of deferred income tax assets may be reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

As of 31 December 2019, our deferred tax assets amounted to US$1.2 million. We did not record deferred tax assets as of 31 December 2020 and 2021 and 30 June 2022. We cannot guarantee the recoverability or predict the movement of our deferred tax assets, and if we fail to recover a significant portion of our deferred tax assets, our financial position may be adversely affected. In addition, any decrease in our profitability in the future may have an adverse effect on our ability to recover our deferred income tax assets, which could have an adverse effect on our results of operations.

Some of our owned/leased properties have title defects or procedural defects, which may affect our business operations.

As of the Latest Practicable Date, a few parcels of our leased lands (including certain land used for forage grass plantation) had certain procedural defects, as we had not obtained from lessors or contractees certain supporting documents evidencing the completion of contracting or leasing procedures. These documents include consent from not less than two-thirds of the members of villagers assembly or of the representatives of the villagers, and the authorisation or consent documents from the villagers or farmer-households concerned. If the lessors or the contractees did not fulfil such procedures and fail to rectify them, our use of the lands may be challenged. For more details, see "*Business – Property*". During the Track Record Period, there has been no dispute nor challenge against us on the lease and use of the collectively-owned land that materially and adversely affected our operations and business. However, any defect in part of the contracting or leasing procedures for the collectively owned agricultural land contracted or leased by us may result in uncertainties in the rural land contracting agreements or lease agreements. In addition, we may incur additional costs or may be forced to relocate if any of our leases is altered, terminated, materially breached or be alleged to be invalid. As a result, we may be forced to close such dairy farms or beef cattle feedlots which could materially and adversely disrupt our operations and business.

As of the Latest Practicable Date, we had not obtained property ownership certificates for the buildings built on one parcel of land in the PRC with a total gross floor area of approximately 4,610.75 square metres. These properties are mainly the dormitory and canteen facilities for employees. We cannot assure you that we will be able to obtain the title certificates for these properties. We also cannot assure you that our use and occupation of the relevant properties for which we have not obtained title certificates will not be challenged. If our legal right to use or occupy the relevant properties is challenged, we may have to find alternative properties and we may also incur additional costs. Any of the above factors may have an adverse effect on our business, financial condition, results of operations and prospects.

We are not in full compliance with housing provident fund regulations.

Under PRC laws and regulations, we are required to make housing provident funds contributions for the benefit of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not paid housing provident funds contributions for our employees of certain PRC subsidiaries in full, with a total shortfall amount of RMB0.4 million as of 30 June 2022. Payment of housing funds contributions in full is required for us to be in strict compliance with the relevant PRC laws and regulations. We may be required by the competent housing provident fund management centre to pay the outstanding amounts within a prescribed time. If the required payment is not made within such prescribed time, an application may be made to the PRC courts for compulsory enforcement.

As of the Latest Practicable Date, we have not received any rectifying notice from the PRC regulatory authorities requiring us to make payment of the outstanding contributions due to the aforementioned matters. However, there can be no assurance that the relevant PRC regulatory authorities would not enforce such payments.

Tax authorities could challenge the allocation of income and deductions among our subsidiaries, which could increase our overall tax liability.

The Company was incorporated in Singapore, and we have subsidiaries in other jurisdictions. If two or more affiliated companies are located in different jurisdictions, the tax laws or regulations of each country generally will require transactions between those affiliated companies to be conducted on terms consistent with those between unrelated companies dealing at arms' length, and appropriate documentation generally must be maintained to support the transfer prices.

In our ordinary course of business, we have conducted intra-group transactions with our subsidiaries across different jurisdictions. During the Track Record Period, such intra-group transactions amounted to US$10.9 million, US$9.5 million, US$11.6 million, US$5.3 million and US$6.2 million in 2019, 2020, 2021, and the six months ended 30 June 2021 and 2022. In compliance with applicable transfer pricing laws and regulations, the pricing of these transactions has been set with regards to OECD transfer pricing principles, and we have maintained appropriate transfer pricing documentation in this regard. Based on the assessment of our independent transfer pricing consultant, we believe that the risk that our transfer pricing arrangement would result in any tax liability is remote. However, if tax authorities were to successfully challenge our transfer pricing, there could be an increase in our overall tax liability, which could adversely affect our financial condition, results of operations and cash flows. See "*Business – Transfer Pricing Arrangement*" and "*Appendix III – Regulatory Overview and Taxation*" for details.

In addition, the tax laws in the jurisdictions in which we operate are subject to differing interpretations. Tax authorities may disagree with and challenge our assessments of our transactions and/or tax positions, and if successful, such challenges could increase our overall tax liability, such as additional taxes, interest, fines or penalties. Even if we, or our subsidiaries, are successful in responding to challenges by tax authorities, responding to such challenges may be expensive, time consuming and/or may divert resources and our management's time and focus away from our operations or businesses. Therefore, a challenge as to any of our or our subsidiaries' transactions and/or tax position or status, even if unsuccessful, may have a material adverse effect on our business, financial condition, results of operations or liquidity.

The Company was incorporated in Singapore and taxation laws of Singapore may differ from other jurisdictions, including Hong Kong.

The Company was incorporated in Singapore and Singapore's taxation laws may differ from other jurisdictions, including Hong Kong. Potential investors in the Global Offering are advised to consult their own tax advisers for the overall tax consequence of acquiring, owning or selling the Shares. For details of taxation laws in Singapore, please refer to the section headed "*Appendix III – Regulatory Overview and Taxation*" in this prospectus.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Adverse changes in the PRC's economic, social and political conditions, as well as policies of the PRC government, could materially and adversely affect our business and operations.

All of our revenue was derived from our raw milk, milk products and beef cattle businesses in the PRC during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are subject to economic, political, and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many degree of government involvement, control of investment, level of economic development, growth rate, foreign exchange controls, and resource allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for the past four decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasising the utilisation of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may adversely affect us. For example, our financial condition and results of operations may be adversely affected by government policies on the dairy and beef industry in China or changes in tax regulations applicable to us. If the business environment in the PRC deteriorates, our business in the PRC may also be adversely affected.

Uncertainties with respect to the PRC legal system could have a material adverse effect on our business.

Our business and operations are primarily conducted in the PRC and are governed by PRC law, rules and regulations. Our PRC subsidiaries are generally subject to laws, rules, and regulations applicable to foreign investments in China. In addition, our offshore holding companies and certain transactions between them may be subject to various PRC laws and regulations.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. We are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new, and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform, and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Moreover, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

Our environmental related costs may increase, and the expansion of our production capacity may be constrained if China's environmental protection laws become more onerous, and any non-compliance with relevant environmental protection laws could lead to the imposition of fines and penalties.

We conduct business in an industry that is subject to stringent PRC environmental laws and regulations. These laws and regulations require us to conduct environmental impact assessment for the treatment and disposal of the waste gases, waste water and solid waste produced during our production processes before construction commences of our dairy farms, feedlots and feed mills. In addition, we are required to conduct acceptance inspections before our dairy farms, feedlots and feed mills are put into operation. These laws and regulations also require enterprises that may produce environmental waste to adopt measures to effectively control and properly dispose of waste gases, wastewater, waste residue, industrial waste, dust, various biological matter and other environmental waste materials. Such laws and regulations also require fee payments from producers discharging waste substances.

We produce a certain amount of solid waste and other environmental waste in our production processes, and are subject to restrictions relating to the discharge of such waste. We need to obtain approvals and acceptance documents relating to the environmental protection inspections and acceptance procedures of our dairy farms and beef cattle feedlots. For construction of the dairy farm and beef cattle feedlot of Chifeng Austasia Modern Dairy Farm Co., Ltd., Tongxi Branch, we have not completed the required environmental protection inspections and acceptance procedures before commencing operations. As a result, we may be subject to (i) an order that we make necessary rectifications with a prescribed deadline and a fine between RMB0.2 million and RMB1 million or (ii) in the case of failure to comply with such an order, a fine ranging from RMB1 million and RMB2 million . We may also be ordered to suspend or terminate production or use if such non-compliance causes material environment pollution or ecological damage. During the Track Record Period and as of the Latest Practicable Date, we had not received any rectification notice or any administrative penalties by the competent government authorities in connection with such matter. We completed the environmental inspection procedure for our dairy farm and phase one of beef cattle feedlot of Chifeng AustAsia Tongxi Branch in June 2022 and expect to complete the environmental inspection procedure for phase two of our beef cattle feedlot by the end of January 2023. See "*Business – Legal Proceedings and Compliance – Non-compliance*" for details.

In the course of our operations, we may unknowingly emit pollutants or otherwise cause environmental damage or breach applicable environmental laws and regulations. Even though we are equipped with relevant knowledge and conduct careful and regular monitoring, such environmental issues may continue until they are brought to our attention. In the event that more stringent PRC environmental laws, regulations or government policies are imposed on us, we may incur significantly increased costs and expenses and need to allocate additional resources to comply with such requirements. Any failures to comply with PRC environmental laws and regulations may lead to claims, liabilities or the suspension of our operations, and thereby adversely affect our business and results of operations.

Our compliance costs may increase if the PRC authorities adopt more stringent approaches towards regulation of workplace health and safety, and any non-compliance with the relevant laws and regulations could lead to fines and penalties.

We are subject to the laws and regulations governing employees with respect to working conditions, health and safety, as well as workplace facilities and services that we provide to our employees. A failure by us to comply with the relevant labour regulations could lead to fines, rectifications, enforced shutdowns and other sanctions imposed on us by the relevant authorities. We may also become involved in future litigation or other proceedings, or be held liable in litigation or proceedings in relation to labour, safety and health matters. The costs of these litigation proceedings may be significant.

Although we have not received any notice or warning from the PRC government for non-compliances in relation to workplace health and safety matters that materially and adversely affected our business, we cannot guarantee that our dairy farms or beef cattle feedlots will not be investigated or deemed inadequate by the relevant authorities if they adopt a more stringent regulatory approach. As a result, we may need to incur high compliance costs to comply with more stringent regulatory standards.

PRC regulations regarding acquisitions impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC Laws and regulations, including the *Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors*, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and last amended in 2009, the Anti-monopoly Law, and the *Provisions on Implementation of Security Review System for Mergers and acquisitions of Domestic Enterprises by Foreign Investors* promulgated by the Ministry of Commerce in August 2011, or the Security Review Rules, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time consuming and complex. These include requirements in some instances that the Ministry of Commerce be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from the Ministry of Commerce be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC Laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

The Security Review Rules were formulated to implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, as known as Circular 6, which was promulgated in 2011. Under these rules, a security review is required for mergers and acquisitions by foreign investors having "national defence and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises have "national security" concerns. In addition, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review, the Ministry of Commerce will look into the substance and actual impact of the transaction. The Security Review Rules further prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investment, leases, loans, control through contractual arrangements or offshore transactions.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the aforementioned regulations and other applicable rules to complete such transactions could be time-consuming, and any required approval processes may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

If inflation continues to rise in China, increased costs may result in a decline in our profits.

Inflation rates in China have been volatile in recent years, and such volatility may continue. China has experienced high inflation in the recent past. Increasing inflation in China could cause a rise in the costs of rent, wages, raw materials and other expenses. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in China can increase our expenses, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the PRC government has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no guarantee that the Chinese inflation levels will not worsen in the future.

Government control over currency conversion and fluctuations in the exchange rates of the Renminbi may limit our ability to pay dividends and meet our other obligations.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing Chinese foreign exchange regulations, payments of current account items, including dividend payments, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with SAFE or its local branches or designated banks is required for foreign currency conversions for payment under capital account items such as equity investments. The PRC government may also at its discretion restrict our access in the future to foreign currencies for current account transactions. Furthermore, shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or satisfy our foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. In addition, our liquidity and ability to satisfy our third-party payment and loan repayment obligations could be materially and adversely affected.

We purchase silage (made from corn and alfalfa), forage grass (primarily alfalfa and oat hay), corn and soybean based products from various domestic and overseas suppliers. Domestic purchases are settled in Renminbi and purchases from overseas suppliers are settled in foreign currencies. The exchange rates of the Renminbi against foreign currencies, including the Hong Kong dollar, are affected by, among other things, changes in China's political and economic conditions. Any fluctuations in exchange rates of the Renminbi against foreign currencies may cause our costs for importing feed to be volatile, which may adversely affect our business and results of operations.

In addition, since substantially all of our future cash flows from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies. This could also affect our ability to obtain foreign debt or equity financing, including by means of loans or capital contributions.

PRC regulations relating to direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the net proceeds of the Global Offering to make additional capital contributions or loans to our major PRC subsidiaries or expand our operations in China.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan, or as an increase in registered capital, are subject to filing with, or registration with, relevant government authorities in China.

According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to registration with the market supervision and management department. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE or its local branches or designated banks, and (ii) each of our PRC subsidiaries may not procure loans which exceed a mandatory limitation approved under the relevant PRC laws and based on certain elements including their respective registered capital or net assets.

We may not be able to complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such registration, our ability to use the proceeds of this offering, and to capitalise our PRC operations, may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On 14 September 2015, the NDRC issued the *Circular on Promoting the Reform of the Administrative System on the Filings and Registrations of Foreign Debt Issuance by Enterprises* (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)), or Circular 2044, which requires domestic enterprises and their overseas subsidiaries or branches to file and register with the NDRC prior to issuance of any foreign debt that matures in more than one year, and to notify the NDRC of the particulars of such issuance, along with an explanation to the significant discrepancy between the registration record and the actual issuance, if any, within 10 business days upon completion of issuance. For enterprises that will fully misstate the issuance scale of foreign debts, the NDRC will record their bad credit in the National Credit Information Platform. Further in August 2021, the NDRC issued the *Guidance on the Filings and Registrations of Foreign Debt Issuance by Enterprises*" (企業發行外債備案登記辦事指南) (the "**Guidance**"), which sets out detailed guidelines and procedures during the relevant filings and registrations.

However, the interpretation and implementation of the Circular 2044 and the Guidance are subject to broad discretion of the NDRC, therefore involving substantial uncertainty. The NDRC may also, from time to time, revise the Circular 2044 or the Guidance, or adjust their scopes of application. If we fail to file or register any foreign debt issuance with the NDRC in accordance with the Circular 2044 and the Guidance, we may not be able to use the proceeds of such foreign debt issuance to capitalise our PRC operations due to incapable of completing foreign exchange capital settlement. In addition, if the NDRC records our bad credit in the National Credit Information Platform, our ability to access future funding as well as to make investments could be materially and adversely affected.

On 30 March 2015, SAFE promulgated the *Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises* (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), or SAFE Circular 19, which took effect on 1 June 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises, which allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the Renminbi fund converted from their foreign exchange capitals for expenditures beyond their business scope. On 9 June 2016, SAFE promulgated the *Circular on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange* (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知), or SAFE Circular 16, which became effective on the same day. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from their foreign exchange capitals for expenditure beyond their business scope, investment in securities or investments other than banks' principal-secured products, providing loans to non-affiliated enterprises (with the exception that such business is expressly permitted in the business licence) or constructing or purchasing real estate not for self-use, except for real estate enterprises. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to, and use in, PRC the net proceeds from this Global Offering, which may materially and adversely affect our business, financial condition and results of operations.

According to the *Circular on Further Promoting Cross-border Trade and Investment Facilitation* (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), or SAFE Circular 28, non-investment foreign-invested enterprises are permitted to make domestic equity investments with their capital funds, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. On 10 April 2020, SAFE promulgated the *Circular on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business* (關於優化外匯管理支持涉外業務發展的通知), or SAFE Circular 8. According to SAFE Circular 8, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign loans and the income under capital accounts of overseas listing, without providing evidentiary materials concerning authenticity of each expenditure, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. Considering that SAFE Circular 28 and SAFE Circular 8 are often principle-oriented and subject to the detailed interpretations by the enforcement bodies to further apply and enforce such laws and regulations in practice, it is unclear how they will be implemented, and there exists substantial uncertainties with respect to its interpretation and implementation by government authorities and banks.

We may face PRC regulatory risks relating to our employee share incentive plans.

Pursuant to the *Notice of Certain Matters Regarding the Foreign Exchange Administration for Domestic Individuals Participating in the Share Incentive Plan of An Overseas-Listed Company* (關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) or SAFE Circular 7, issued by SAFE on 15 February 2012 and effective as of the same date, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with the vesting of their share awards, the purchase and sale of corresponding shares or interests and fund transfers.

We and our PRC employees who participate in our share awards will be subject to the above regulations upon the completion of the Global Offering. Although, there is uncertainty as to the application of the SAFE Circular 7 and the relevant rules, failure of our PRC employees to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are incorporated under the laws of Singapore, and substantially all of our current operations are conducted in China. In addition, a majority of our current Directors and officers are nationals and residents of China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, such as the US federal securities laws or applicable state securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and Directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of Singapore and of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

RISKS RELATING TO THE GLOBAL OFFERING AND THE SHARES

There has been no prior public market for the Shares and an active or liquid trading market for the Shares may not develop.

Prior to the Global Offering, there has been no public market for the Shares. We cannot guarantee that an active or liquid trading market for the Shares will develop or be sustained following the completion of the Global Offering. The Offer Price is the result of negotiations between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may differ significantly from the market price of the Shares following completion of the Global Offering. We have made an application to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering. If an active or liquid trading market for the Shares does not develop or sustain following the Global Offering, holders of the Shares may experience difficulties in re-selling their Shares.

The trading volume and market price of the Shares may be volatile, which could result in substantial losses to you.

The market price of the Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control (i) quarterly variations in our results of operations; (ii) results of operations that vary from the expectations of securities analysts and investors; (iii) results of operations that vary from those of our competitors; (iv) changes in expectations as to our future financial performance, including financial estimates by research analysts and investors; (v) a change in research analysts' recommendations; (vi) announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments; (vii) announcements by third parties or governmental entities of significant claims or proceedings against us; (viii) new laws and governmental regulations applicable to our industry; (ix) developments relating to our peer companies in our industry; (x) additions or departures of key management personnel; (xi) changes in exchange rates; (xii) fluctuations in stock market prices and volume; (xiii) investor perception of us and the industry we operate in; (xiv) the public's reaction to our press releases and any adverse media reports; and (xv) general economic and stock market conditions. Any of these factors may result in a substantial and sudden change in the trading volume and price of the Shares, and investors may not be able to re-sell Shares at or above the Offer Price resulting in a loss of all or part of the investment.

The market price of the Shares when trading begins could be lower than the Offer Price.

The initial Offer Price of the Shares to the public in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be around five business days after the Price Determination Date. Accordingly, holders of the Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between Price Determination Date and the time trading begins.

The actual or perceived sale or availability for sale of substantial amounts of the Shares, especially by the Directors, executive officers, certain shareholders or Controlling Shareholders, could adversely affect the market price of the Shares.

Future sales of a substantial amount of the Shares by existing Shareholders, especially by the Directors, executive officers, Entitled Japfa Shareholders who have opted or are deemed to have opted for the Sale Election and Japfa Overseas Shareholders, or the perception or anticipation of such sales, could negatively impact the market price of the Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. For further details, see "*The Japfa Distribution and the Listing*".

Other than Meiji China which has agreed to a lock-up pursuant to an undertaking to the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), the other Pre-IPO Investors are not subject to any lock-up. We cannot assure you that they will not dispose of any Shares they own now or may own in the future. In addition, the Shares held by our Controlling Shareholders are subject to certain restrictions regarding their disposal for a lock-up period after the date on which trading in the Shares commences on the Stock Exchange. While we currently are not aware of any intention of the Controlling Shareholders to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they own now or may own in the future. For further details, see "*Relationship with the Controlling Shareholders*".

You will experience immediate dilution and may experience further dilution if we issue additional Shares, or convertible securities or other equity linked instruments.

As the Offer Price of the Shares is higher than the net tangible book value per Share immediately prior to the completion of the Global Offering, purchasers of the Shares in the Global Offering will experience an immediate dilution. As a result, if we issue additional Shares in the future, purchasers of the Shares in the Global Offering may experience further dilution in their shareholding percentage.

In addition, we may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Shares, convertible securities or securities linked to Shares including through the vesting of Share awards, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Shares by our shareholders may adversely affect the trading price of the Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Shares. There can be no guarantee that we will not issue Shares, convertible securities or securities linked to Shares or that our Shareholders will not dispose of, pledge or encumber their Shares in the future.

Share-based grants could result in dilution of Shareholders' equity ownership interest and may have an adverse effect on our future profit.

The Company has adopted (a) the AAG PSP pursuant to which awards of Shares have been and may be granted to employees of the Group and (b) the RSU Scheme pursuant to which awards of RSUs may be granted to eligible participants. The aggregate number of Shares which may be issued pursuant to awards granted under the AAG PSP and the RSU Scheme on any date shall not exceed (i) 10% of the Shares in issue on the Listing Date or (b) 10% of the Shares in issue as of the New Approval Date (i.e. the total number of Shares in respect of which RSUs may be granted following the date of approval of the renewed limit).

In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we recorded share-based payment expenses of US$0.9 million, US$4.9 million, US$16.0 million, US$5.8 million and US$6.9 million. Under the terms of the AAG PSP, the settlement of outstanding grants may involve the use of cash. Also, the RSU Scheme we adopted on 5 December 2022 can involve the payment of cash to a trustee to purchase outstanding Shares to serve as underlying Shares of the RSUs. As share-based grants offer the alternative for cash settlement, it may have an impact on our cash and liquidity in the future. For details of the AAG PSP and the RSU Scheme, see "*Appendix V – Statutory and General Information – C. Share Plans*". Future recognition of share-based compensation expenses will have an adverse effect on our profit for the period in which the expense is recognised.

Furthermore, any actual or perceived sales of the additional Shares acquired under the AAG PSP and the RSU Scheme may adversely affect the market price of our Shares. In addition, granting of such Shares will increase the number of the Shares in circulation, which could result in dilution of Shareholders' equity ownership in the Company.

We have discretion as to how to utilise the net proceeds of the Global Offering.

Our management may utilise the net proceeds of the Global Offering in ways you may not agree with or that do not yield favourable return to our Shareholders. We plan to use the net proceeds from the Global Offering in connection with the expansion of Pure Source Farm 4 (Farm 12). For details, see "*Future Plans and Use of Proceeds*". Notwithstanding the foregoing, our management retains discretion as to the actual application of our net proceeds. The investors will be relying on the judgement of our management to determine the specific uses for the net proceeds from the Global Offering.

We may not declare dividends on the Shares, and any future declaration of dividends may not reflect our prior declarations of dividends.

As a general matter, we cannot guarantee that we will pay dividends in the future. Our ability to pay dividends in the future will depend on our business outlook, earnings, financial condition, cash flow, working capital requirements, capital expenditure, restrictive covenants of our financing arrangements, the state of the market and the general economic climate and other factors, including tax and other regulatory considerations. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. In addition, we may not have sufficient or any profits to enable us to make dividend distributions to our shareholders in the future, even if our financial statements indicate that our operations have been profitable. Our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. As a result, we cannot guarantee that we will be able to pay dividends in the future. For further details, see "*Financial Information – Dividends*".

The Hong Kong Takeovers Code and the Singapore Takeover Code will apply to the Company upon the Listing.

Upon the Listing, as a company incorporated in Singapore with a listing on the Stock Exchange, both the Hong Kong Takeovers Code and the Singapore Takeover Code will apply to the Company.

There are certain differences between the requirements under the Hong Kong Takeovers Code and the Singapore Takeover Code. For example, while the mandatory general offer threshold is 30% of the voting rights of a company under both the Hong Kong and Singapore Takeover Codes, the "creeper rule" is different. Under the "creeper rule", a mandatory general offer is required to be made where a person and his concert parties hold not less than 30% but not more than 50% of the voting rights and such persons (a) (under the Singapore Takeover Code) acquire in any period of six months additional shares carrying more than 1% of the voting rights or (b) (under the Hong Kong Takeovers Code) acquires additional voting rights and such acquisition has the effect of increasing that person's holding of voting rights of the company by more than 2% from the lowest percentage holding of that person in the 12-month period ending on and inclusive of the date of the relevant acquisition. For further details of the Singapore Takeover Code and the key differences between the Singapore Takeover Code and the Hong Kong Takeovers Code, see "*Appendix IV – Summary of the Constitution of the Company, the Laws of Singapore and Takeover Code Matters*". Unless the Securities Industry Council of Singapore disapplies the relevant provisions of the Singapore Takeover Code or the SFC grants a waiver from strict compliance with the relevant provisions of the Hong Kong Takeovers Code, Shareholders and potential investors of the Company will need to comply with the stricter of the requirements under both codes. Any dispensation under the Singapore Takeover Code or the Hong Kong Takeovers Code will be granted only in exceptional cases and there is no assurance that any such dispensation will be granted.

Certain facts and statistics in this prospectus are derived from various official government sources and may not be accurate, reliable, complete or up to date.

Certain facts and statistics in this prospectus, including but not limited to information and statistics relating to the markets in which we operate and the dairy and beef industries, particularly in "*Business*" and "*Industry Overview*", are based on the Frost & Sullivan Report or are derived from various government sources. We cannot guarantee the accuracy or completeness of certain facts, forecasts and other statistics contained in this prospectus that are obtained from various government sources.

Although we believe that the data from official government sources may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and its dependability cannot be guaranteed. The information from official government sources has not been independently verified by the Company, the Relevant Persons or any of their respective affiliates, and no representation is given as to its accuracy. While we believe that the sources of the information are appropriate sources for such information and we have taken reasonable care in the reproduction or extraction of the information for the purpose of disclosure in this prospectus, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics obtained from official government sources. In all cases, investors should give consideration as to how much weight or importance should be placed on such information or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This Prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking information.

Investors should read the entire prospectus carefully before making an investment decision concerning the Shares and should not rely on information from other sources, such as press articles, media or research coverage without carefully considering the risks and the other information in this prospectus.

There may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media or research analyst coverage regarding us, our business, our industry and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. You should rely solely upon the information contained in this Prospectus in making your investment decisions regarding the Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media or research analyst regarding the Shares, the Global Offering, our business, our industry or us. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them.

Furthermore, Japfa, which is our listed parent until the Japfa Distribution becomes effective, is listed on the Mainboard of the SGX-ST. To the extent that business or financial information relating to our Company can be derived from the annual or other public reports of Japfa prepared in the ordinary course or circulars or filings made with the relevant stock exchanges in accordance with applicable standards and requirements for listed company disclosure in an overseas jurisdiction, investors are reminded that such information has not been and will not be prepared for purposes of the Global Offering and does not form a part of this prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

The members of the Board are as follows:

Name	Address	Nationality
Executive Directors		
TAN Yong Nang (陳榮南)	6 Leedon Heights, #09-05 Singapore 266215	Singaporean
Edgar Dowse COLLINS	2A Vanda Avenue Singapore 287953	Australian
YANG Ku (楊庫)	Room 1502, 7-1 Zhong Ying Yu Jing Community Xing Qing District Yin Chuan City Ningxia Hui Autonomous Region China	Chinese
GAO Lina (高麗娜)	Room 2705, East Tower Beijing Kerry Residence 1 Guanghua Road Chaoyang District, Beijing China	Chinese
Non-Executive Director		
HIRATA Toshiyuki (平田俊行)	8 Scotts Road #34-11 Scotts Square Singapore 228238	Japanese
Independent Non-Executive Directors		
SUN Patrick (辛定華)	Apt. A1, 3/F, Villa Monte Rosa 41A Stubbs Road Hong Kong	Chinese
LI Shengli (李勝利)	36-3-101, West Area Bai Wang Jia Yuan Haidian District Beijing China	Chinese
CHANG Pan, Peter (張泮)	41 Jalan Lim Tai See Singapore 268371	Singaporean

See "*Directors and Senior Management*" for further details.

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	DBS Asia Capital Limited 73/F, The Center 99 Queen's Road Central Central Hong Kong
Sponsor-Overall Coordinator	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Overall Coordinators and Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	DBS Asia Capital Limited 73/F, The Center 99 Queen's Road Central Central Hong Kong

Joint Bookrunners

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

DBS Asia Capital Limited
73/F, The Center
99 Queen's Road Central
Central
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28, One Pacific Place
88 Queensway
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2
13/F United Centre
No.95 Queensway
Admiralty
Hong Kong

Joint Lead Managers	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	DBS Asia Capital Limited 73/F, The Center 99 Queen's Road Central Central Hong Kong
	Daiwa Capital Markets Hong Kong Limited Level 28, One Pacific Place 88 Queensway Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited Unit C1-2 13/F United Centre No.95 Queensway Admiralty Hong Kong
	Silverbricks Securities Company Limited Rooms 1004-1006 10/F., China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Sheung Wan Hong Kong

Capital Market Intermediaries

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

DBS Asia Capital Limited
73/F, The Center
99 Queen's Road Central
Central
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28, One Pacific Place
88 Queensway
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2
13/F United Centre
No. 95 Queensway
Admiralty
Hong Kong

Silverbricks Securities Company Limited
Rooms 1004-1006
10/F., China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Legal Advisers to the Company

As to laws of Hong Kong and U.S.:
Freshfields Bruckhaus Deringer
55th Floor, One Island East, Taikoo Place
Quarry Bay
Hong Kong

As to laws of the PRC:
Global Law Office
15th Floor Tower 1 China Central Place
No. 81, Jianguo Road
Chaoyang District
Beijing 100025
PRC

As to laws of Singapore:
Rajah & Tann Singapore LLP
9 Straits View #06-07
Marina One West Tower
Singapore 018937

Legal Advisers to the Joint Sponsors and the Underwriters	*As to laws of Hong Kong and U.S.:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to laws of the PRC:* **Commerce & Finance Law Offices** 14th Floor, China World Office 2 No. 1, Jianguomenwai Avenue Chaoyang District Beijing China
Reporting Accountant and Auditor	**Ernst & Young** *(Certified Public Accountants and Registered Public Interest Entity Auditor)* 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan International Limited** Suite 3006, Two Exchange Square 8 Connaught Place, Central Hong Kong
Biological Asset Appraiser	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7th Floor, One Taikoo Place 979 King's Road Hong Kong
Receiving Bank	**DBS Bank (Hong Kong) Limited** 11/F, The Center 99 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered Office	400 Orchard Road #15-08 Orchard Towers Singapore 238875
Headquarters and Principal Place of Business in China	North of Guangqing Road Ding Zhuang Town Guangrao County Dongying City Shandong Province China
Singapore Company Secretaries	**CHUA Sook Ping Christina** *(Advocate and solicitor of the Supreme Court of the Republic of Singapore)* 391B Orchard Road #18-08 Ngee Ann City Singapore 238874 **CHENG Sai Hong** *(Associate of The Chartered Governance Institute and the Chartered Secretaries Institute of Singapore)* 391B Orchard Road #18-08 Ngee Ann City Singapore 238874
Audit Committee	SUN Patrick *(Chairman)* CHANG Pan, Peter HIRATA Toshiyuki
Nomination Committee	TAN Yong Nang *(Chairman)* SUN Patrick LI Shengli
Remuneration Committee	CHANG Pan, Peter *(Chairman)* SUN Patrick TAN Yong Nang
ESG Committee	Edgar Dowse COLLINS *(Chairman)* YANG Ku LI Shengli

Principal Banks

DBS Bank Ltd
12 Marina Boulevard Level 45
Marina Bay Financial Centre Tower 3
Singapore 018982

DBS Bank (China) Limited, Shanghai Branch
18th Floor, DBS Bank Tower
1318 Lu Jia Zui Ring Road
Pudong New District
Shanghai 200120

PT Bank Mandiri (Persero) TBK Shanghai Branch
Unit 4101 Shanghai Tower
501 Yin Cheng Zhong Road
Pudong New District
Shanghai
China

Malayan Banking Berhad Shanghai Branch
Room 03-04, 6th Floor, BRICS Tower
No. 333 Lujiazui Ring Road
Pudong New District
Shanghai 200120
China

United Overseas Bank (China) Limited, Shanghai Pilot Free Trade Zone Sub-branch
Room 602, 6F
No. 116, 128 Yincheng Road,
Pilot Free Trade Zone
Shanghai 200120
China

China Construction Bank Corporation Co., Ltd., Dongying Nonggao District Sub-branch
No. 9 Guangbei Road
Agricultural High-tech Zone
Dongying, Shandong Province
China

China Citic Bank Corporation Limited, Dongying Branch
No. 128, Fuqian Street
Dongying, Shandong Province

Principal Share Registrar	**Boardroom Corporate & Advisory Services Pte. Ltd.** 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632
Principal Place of Business in Hong Kong	46th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Hong Kong Secretary	**HO Wing Nga** *(Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, United Kingdom)* 46/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorised Representatives	**Edgar Dowse COLLINS** 400 Orchard Road #15-08 Orchard Towers Singapore 238875 **CHUA Sook Ping Christina** 391B Orchard Road #18-08 Ngee Ann City Singapore 238874
Compliance Adviser	**Anglo Chinese Corporate Finance, Limited** 40/F Two Exchange Square 8 Connaught Place Central Hong Kong
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	**www.austasiadairy.com** *(A copy of this prospectus is available on the Company's website. None of the information contained on the Company's website forms part of this prospectus)*

THE JAPFA DISTRIBUTION

Information on the Japfa Distribution

On 29 March 2022, Japfa, which is listed on the Mainboard of the SGX-ST, announced the Company's submission of its application for the Listing and in connection thereto, the conditional proposal to distribute its 62.5% shareholding interest in the Company to the Entitled Japfa Shareholders.

Further to Japfa's announcement on 29 March 2022, Japfa intends to undertake the capitalisation of all the outstanding loans owed to Japfa by the Company prior to the Japfa Distribution and in return receive such number of Capitalisation Shares issued to it based on the final Offer Price. See *"Financial Information – Indebtedness – Loans from a Shareholder"* for details.

As such, the Japfa Distribution will be effected by way of a distribution *in specie* of the Shares to the Entitled Japfa Shareholders by way of Capital Reduction pursuant to Section 78G read with Section 78I of the Singapore Companies Act, in proportion to their respective shareholdings in Japfa held as at the Record Date, with fractional entitlements (where applicable) to be disregarded. The Japfa Distribution will comprise the Shares currently held by Japfa together with the Capitalisation Shares.

The Capital Reduction will be effected by reducing Japfa's issued capital by approximately US$580.98 million, based on Japfa's cost of investment in the Company and the aggregate amount of the capitalisation of the outstanding loans, but there will not be any cancellation of or reduction in the number of issued and paid up Japfa Shares.

Japfa intends to distribute the Shares to the Entitled Japfa Shareholders on a *pro rata* basis. The number of Capitalisation Shares to be received and held by Japfa will be determined based on the final Offer Price.

The actual distribution ratio for the Japfa Distribution will be fixed by Japfa on or around the Record Date and will be determined based on, amongst others, the number of Japfa Shares in issue as at the Record Date, the number of the Shares currently held by Japfa, the number of the Capitalisation Shares, the Share Split and the final Offer Price. Where possible, Japfa will, in considering the final distribution ratio, look to minimise the odd number of Shares each Entitled Japfa Shareholder receives in respect of a full board lot of Shares. Japfa may hold some Shares in order to minimise odd lots of Shares and such Shares, together with the aggregate of Entitled Japfa Shareholders' fractional entitlements, will be held by Japfa for its own benefit.

Japfa does not intend for the Japfa Distribution to be effective until the Listing.

Upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance (as described in "*Appendix V – Statutory and General Information – C. Share Plans*") and the Global Offering, shareholders of Japfa will become Shareholders of the Company and the Company will cease to be a subsidiary of Japfa.

Conditions to the Japfa Distribution

The Japfa Distribution and the completion thereof is subject to, *inter alia*:

(a) the approval of the Japfa Shareholders, by way of a special resolution, for the Japfa Distribution at the extraordinary general meeting of Japfa to be convened;

(b) the approval of the Singapore Court for the Capital Reduction and the lodgement of the Order of Court with the Singapore Registrar of Companies within 90 days beginning with the date the Order of Court is made, or within such longer period as the Singapore Registrar of Companies may, on application of Japfa and on receiving the prescribed fee, allow;

(c) the Listing Committee of the Stock Exchange granting the Listing Approval and the Underwriting Agreements becoming unconditional; and

(d) such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable in connection with the Listing and the Japfa Distribution, and if such approvals are given subject to any conditions, such conditions being acceptable to the Company and/or Japfa.

In relation to condition (a) above, the Japfa Shareholders approved the Japfa Distribution by way of a special resolution at an extraordinary general meeting of Japfa held on 7 November 2022. In relation to condition (b) above, the Singapore Court approved the Capital Reduction at the Singapore Court hearing for the Capital Reduction on 8 November 2022. The lodgement of the Order of Court with the Singapore Registrar of Companies will be made as soon as practicable after 8:00 a.m. on the Listing Date but prior to the Listing. In relation to condition (c) above, the Listing Approval is expected to be obtained on the business day before the Listing Date and the Underwriting Agreements, subject to the terms and conditions therein, are expected to become unconditional at or before 8:00 a.m. on the Listing Date.

The Japfa Distribution will only be effective upon the lodgement of a copy of the Order of Court approving the Capital Reduction with the Singapore Registrar of Companies within 90 days beginning with the date the Order of Court is made or within such longer period as the Singapore Registrar of Companies may allow.

Notwithstanding the prescribed 90-day period, Japfa may apply to the Singapore Registrar of Companies after obtaining the Order of Court to seek an extension of time to lodge the Order of Court. There is no assurance that such an extension will be granted by the Singapore Registrar of Companies, and in such event, the Order of Court cannot be lodged within the prescribed period which is a prerequisite for the Japfa Distribution by way of Capital Reduction to become effective.

In addition, regardless of whether the Listing Approval is granted or not, if the Japfa Board is of the view that it would not be in the best interests of Japfa to effect the Japfa Distribution (for example, due to the then prevailing market or economic conditions or for any other reason, including, if the Listing does not proceed), the Japfa Board may decide not to lodge a copy of the Order of Court approving the Capital Reduction with the Singapore Registrar of Companies and will make an announcement to that effect and take all necessary steps and action to terminate the Japfa Distribution.

Japfa Overseas Shareholders

The distribution of the Shares under the Japfa Distribution to certain Japfa Overseas Shareholders may be subject to laws of jurisdictions outside Singapore. Accordingly, to ensure that there is no infringement of any relevant foreign law and to avoid compliance with conditions or requirements which may be onerous by reason of costs, delay or otherwise, the Japfa Overseas Shareholders' entitlement to the Shares pursuant to the Japfa Distribution will not be distributed to such Japfa Overseas Shareholders. Instead, such Shares will be sold by the Appointed Broker, with the net proceeds to be distributed proportionately among such Japfa Overseas Shareholders.

It is emphasised that none of the Relevant Persons accepts any responsibility in relation to the above.

As of 30 November 2022, based on the information provided by Japfa, there were 85 Japfa Shareholders whose addresses as registered in the register of members of Japfa were outside Singapore.

OPTIONS FOR ENTITLED JAPFA SHAREHOLDERS TO RECEIVE SHARES UNDER THE JAPFA DISTRIBUTION

In order to facilitate the trading of Shares following the completion of the Listing, Japfa and the Company have put in place arrangements for Entitled Japfa Shareholders who are not Japfa Overseas Shareholders to (a) receive the Shares; or (b) elect to have their Shares disposed of in the market by the Appointed Broker pursuant to the Sale Election, with the net proceeds distributed proportionately among such Entitled Japfa Shareholders. Japfa Overseas Shareholders will also be deemed to have opted for the Sale Election.

The Appointed Broker will dispose of the Shares by Entitled Japfa Shareholders who have opted for the Sale Election and the Shares of Japfa Overseas Shareholders at the prevailing market price on the Stock Exchange. The proposed disposal of Shares pursuant to the Sale Election and the Shares of Japfa Overseas Shareholders is expected to be completed within a two (2)-month period commencing from the date the Appointed Broker receives the Shares for disposal.

Entitled Japfa Shareholders who (a) do not take any action within the applicable time periods, (b) make no option selection, or (c) supply information which is illegible, incomplete, invalid, incorrectly completed or left blank will be deemed to have opted to have their Shares disposed of pursuant to the Sale Election in the manner set out in the Election Notice.

Upon the Japfa Distribution becoming effective on the Listing Date, Japfa will only be holding (a) the Shares for the benefit of the Entitled Japfa Shareholders, pending the election to be made by the Entitled Japfa Shareholders under the Election Notice; and (b) such number of Shares which Japfa may continue to hold as a result of the distribution ratio and any fractional entitlements.

Detailed procedures and steps to be taken by the Entitled Japfa Shareholders will be set out in the Election Notice to be despatched by Japfa to Entitled Japfa Shareholders following the Record Date.

THE LISTING

If the Listing proceeds, it will be implemented in compliance with the Listing Rules. The Listing will be effected through the listing of the Shares in connection with the Global Offering and the Japfa Distribution whereby the Entitled Japfa Shareholders will receive the relevant Shares (other than the Japfa Overseas Shareholders and the Entitled Japfa Shareholders who elect or are deemed to have elected the Sale Election).

REASONS AND BENEFITS OF THE LISTING AND THE JAPFA DISTRIBUTION

The Japfa Group intends to undertake the Listing and the Japfa Distribution as the Japfa Board believes that it will benefit the Japfa Group (including the Group) and the Japfa Shareholders for, *inter alia*, the reasons outlined below:

- the Listing will create two leading Asian-focused businesses in animal proteins and dairy – segregating the principal activities, business strategies and future plans of the Group from the Japfa Group and will enable the management and boards of each entity to fully concentrate on their respective core business and oversee their strategies and operations more effectively;

- the Japfa Distribution will facilitate an unlocking of value for Japfa Shareholders by providing (i) greater clarity of the Japfa Group (excluding the Group)'s animal protein business in emerging Asia; and (ii) Japfa Shareholders a direct ownership of Shares which will be separately listed;

- creating investment flexibility by allowing Japfa Shareholders to have the flexibility to deal with the Shares independently of their Japfa Shares, and benefit from the direct holdings of two distinct and separately listed entities in different equity markets, without any additional cash outlay; and

- allowing the Group to establish financial independence and provide it with direct access to the capital markets – each of the Japfa Group (excluding the Group) and the Group will have greater (i) operational flexibility to develop their respective business plans; and (ii) financial headroom to strengthen their balance sheets, enhance their credit profile and optimise their capital structures to capture growth opportunities specific to their own industry and geographies where there are minimal overlaps between the two businesses.

OVERVIEW

We are one of the top five dairy farm operators in China, ranking third, fourth and fifth among all dairy farm operators in China in terms of sales volume, sales value and production volume of raw milk in 2021, with a market share of 1.6%, 1.8% and 1.7%, respectively, according to Frost & Sullivan.

As the dairy division of the Japfa Group, the Group's dairy farming experience, including that of our Chief Executive Officer Mr. Edgar Collins, can be traced back to 1997 under the Japfa Group when we, as such dairy division, commenced dairy farming operations with a first dairy farm in Malang, Indonesia. The operations expanded to a second dairy farm in Wlingi and distributed milk under the "Greenfields" brand in Indonesia, Malaysia, Singapore and Hong Kong. We operated the dairy business in South East Asia, which grew to become GDS, until we disposed of GDS to the Japfa Group in 2020, as further described in "– *Acquisitions and Disposals*" below.

We are the first dairy farm operator in China to design, build and operate large-scale and standardised dairy farms with over 10,000 heads of dairy cows, according to Frost & Sullivan. Our operations in China commenced in 2004 with a joint venture (the "**Mengniu JV**") with China Mengniu Dairy Company Limited ("**Mengniu**") in Inner Mongolia. Under the Mengniu JV, which was 70% owned and operated by us, we became the first dairy farm operator in China to build a large-scale dairy farm with herd size of over 10,000 heads. We sold our 70% interest in the Mengniu JV to Mengniu in 2008 for strategic reasons following mutual decision with Mengniu (which has remained our customer), as Mengniu intended to position the Mengniu JV purely as an upstream industry participant, while our business strategy at the time was to expand into the downstream business in China. After our exit from the Mengniu JV, we commenced operations at our first dairy farm in 2009 in Shandong, China, the location of which was strategically selected for its landscape and temperature which are conducive for dairy farming, convenient access to feeds and milk processors and location between the metropolitan cities of Beijing and Shanghai. Following the investment in the Company in 2010 and 2013 by Black River Capital Partners Fund (Food) LP, a fund managed by Black River Asset Management LLC ("**BRAM**", an investment management firm which was then a subsidiary of Cargill Inc., a provider of food and agricultural services), we expanded our operations further with the construction of our third and fourth dairy farms. Between 2009 and 2015, our hub in Shandong expanded to five large scale commercial dairy farms. In 2014, we received further investment from Black River Food Fund 2 LP, a fund managed by BRAM, in AIH2, our subsidiary, for the development of our second farming hub in Inner Mongolia, China. Between 2014 and 2019, we further extended our operations to Inner Mongolia with three additional large scale commercial dairy farms.

As of the Latest Practicable Date, we owned and operated ten large-scale dairy farms across China in Shandong and Inner Mongolia, with an aggregate gross land area of approximately 14,657 mu. As of 30 June 2022, we had a total herd size of 111,424 heads of dairy cows, 57,383 of which were milkable cows. We started selling our in-house branded milk products in 2017. Since 2018, we have developed our beef cattle business in China which is integrated and synergistic with our dairy farm operations. As of 30 June 2022, we owned and operated two large-scale beef cattle feedlots in China with 28,152 heads of beef cattle, 26,566 of which were Holstein beef cattle.

KEY MILESTONES

The following table sets forth the key milestones of the Group.

Year	Event
1997	Start of our dairy farming experience as the dairy division of the Japfa Group with first dairy farm in Malang, Indonesia
2004	Commenced dairy farming operations in the PRC with the Mengniu JV and became the first dairy farm operator in China to build a large-scale dairy farm with herd size of over 10,000
2009	Commenced operations at Farm 1, our first dairy farm in Shandong
2011	Commenced operations at Farm 2, our second dairy farm in Shangdong
2012	Commenced operations at Farm 3, our third dairy farm in Shandong
2013	Commenced operations at Farm 4, our fourth dairy farm in Shandong
	Opened sales and distribution office in Shanghai
2014	Entered into framework agreement for the construction of a new farm hub in Inner Mongolia
	Commenced operations at Farm 5, our fifth dairy farm in Shandong
2015	Commenced operations at Farm 6, our first dairy farm in Inner Mongolia
2016	Commenced operations at Farm 7, our second dairy farm in Inner Mongolia
2018	Commenced cattle farming operations in Shandong under Dongying AustAsia Beef (formerly Dongying Japfa Beef), which was owned by the Japfa Group and transferred to the Group in 2020
2020	Entered into a strategic and synergistic partnership with Meiji Co., Ltd. ("**Meiji Co.**"), which became a 25% Shareholder in the Company
	Expanded in Inner Mongolia with Farm 8, a dairy farm, and a beef cattle feedlot
2021	Completed acquisition of Farms 9 and 10, two dairy farms in Shandong, China, through the acquisition of Falcon Dairy Holdings Limited (the holding company of Pure Source Dairy)
	Chi Forest, New Hope and Honest Dairy, three of our existing raw milk customers, became our Shareholders through the sale of an aggregate of 12.5% of our issued Shares by Japfa
	Commenced construction of feed mill in Shandong which is expected to commence operation in the first quarter of 2023

MAJOR SHAREHOLDING CHANGES OF THE COMPANY

The Company was incorporated on 17 April 2009 with Progressive Investment Inc., in which certain Controlling Shareholders had a controlling interest, as shareholder. The BRAM-managed funds invested in the Company in 2010 and became Shareholders of approximately 38.1% of the issued Shares of the Company. In 2014, Japfa purchased 61.9% of Shares held by Progressive Investment Inc. and certain other related entities controlled by the Controlling Shareholders and became the direct Shareholder of the Company. The Company became wholly owned by Japfa on 30 April 2018 when Japfa acquired the remaining interests in the Company and AIH2 from the BRAM-managed funds and remained the Company's sole shareholder until the Pre-IPO Investment as further described in *"– Pre-IPO Investment"* below.

PRE-IPO INVESTMENT

Sale and Purchase Agreement

(1) Transfer of Shares of the Company from Japfa to Meiji Co.

On 15 April 2020, Japfa and Meiji Co. (the "**Pre-IPO Investor I**") entered into a sale and purchase agreement, pursuant to which Japfa agreed to transfer 84,027,991 Shares (representing 25% of the issued share capital of the Company at the time) to Meiji Co. for a consideration of US$254.4 million (the "**Acquisition I**"). The consideration was arrived at on a willing-buyer, willing-seller basis, after arm's length negotiation taking into account the financial position of the Group and multiples of companies in the dairy industry at the time as well as the investor's evaluation of the profitability and prospects of the Group based on due diligence it conducted before the investment. The shares were transferred and the consideration was paid in full to Japfa on 3 July 2020 by Meiji Co.. On 1 April 2021, Meiji Co. transferred the 84,027,991 Shares to Meiji (China) Investment Company ("**Meiji China**"), a wholly-owned subsidiary of Meiji Co..

Principal Terms of the Acquisition I

The principal terms of the Acquisition I are set out below.

Date of the Sale and Purchase Agreement	:	15 April 2020
Total Consideration	:	US$254.4 million
Date of Last Payment of Consideration	:	3 July 2020
Cost per Share paid by the Pre-IPO Investor I	:	Approximately US$3.03
Cost per Share paid by the Pre-IPO Investor I (taking into account the effect of the Share Split)	:	Approximately US$1.64 (HK$12.73)
Premium to the Offer Price[(1)]	:	Approximately 98.90%
Shareholding in the Company upon Listing[(2)]	:	22.21%

Notes:

(1) The premium to Offer Price is calculated by comparing the cost per Share paid by the Pre-IPO Investor I (taking into account the effect of the Share Split and converted from U.S. dollars to Hong Kong dollars at an exchange rate of US$1=HK$7.77862) and the Offer Price, assuming the Offer Price is fixed at HK$6.40 (being the mid-point of the Offer Price Range).

(2) Immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering and assuming the Over-allotment Option is not exercised.

(2) Transfer of Shares of the Company from Japfa to Plutus Taurus Technology HK Limited ("Plutus Taurus")

On 30 August 2021, Japfa, Plutus Taurus (the "**Pre-IPO Investor II**") and Genki Forest Technology Group Holdings Limited ("**Chi Forest**") (as guarantor) entered into a sale and purchase agreement, pursuant to which Japfa agreed to transfer 16,805,598 Shares (representing 5% of the issued share capital of the Company at the time) to Plutus Taurus for a consideration of US$58.4 million (the "**Acquisition II**"). The consideration was arrived at on a willing-buyer, willing-seller basis, after arm's length negotiation taking into account the financial position of the Group and multiples of companies in the dairy industry at the time, as well as approximately 15% premium over the agreed valuation for Acquisition I. The premium represented an improvement in the Company's valuation over the 16 months since Acquisition I which was commercially agreed between the Pre-IPO Investor II and Japfa. The Shares were transferred and the consideration was paid in full to Japfa on 23 September 2021.

Principal Terms of the Acquisition II

The principal terms of the Acquisition II are set out below.

Date of the Sale and Purchase Agreement	:	30 August 2021
Total Consideration	:	US$58.4 million
Date of Last Payment of Consideration	:	23 September 2021
Cost per Share paid by the Pre-IPO Investor II	:	Approximately US$3.48
Cost per Share paid by the Pre-IPO Investor II (taking into account the effect of the Share Split)	:	Approximately US$1.88 (HK$14.61)
Premium to the Offer Price[(1)]	:	Approximately 128.30%
Shareholding in the Company upon Listing[(2)]	:	4.44%

Notes:

(1) The premium to Offer Price is calculated by comparing the cost per Share paid by the Pre-IPO Investor II (taking into account the effect of the Share Split and converted from U.S. dollars to Hong Kong dollars at an exchange rate of US$1=HK$7.77862) and the Offer Price, assuming the Offer Price is fixed at HK$6.40 (being the mid-point of the Offer Price Range).

(2) Immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering and assuming the Over-allotment Option is not exercised.

(3) Transfer of Shares of the Company from Japfa to Honest Dairy Group Co., Ltd. ("Honest Dairy")

On 30 August 2021, Japfa and Honest Dairy (the "**Pre-IPO Investor III**") entered into a sale and purchase agreement, pursuant to which Japfa agreed to transfer 8,402,799 Shares (representing 2.5% of the issued share capital of the Company at the time) to Honest Dairy for a consideration of US$29.2 million (the "**Acquisition III**"). The consideration was arrived at on a willing-buyer, willing-seller basis after arm's length negotiation taking into account the financial position of the Group and multiples of companies in the dairy industry at the time, as well as approximately 15% premium over the agreed valuation for Acquisition I. The premium represented an improvement in the Company's valuation over the 16 months since Acquisition I which was commercially agreed between the Pre-IPO Investor III and Japfa. The consideration was paid in full to Japfa on 2 September 2021 and the Shares were transferred on 8 September 2021.

Principal Terms of the Acquisition III

The principal terms of the Acquisition III are set out below.

Date of the Sale and Purchase Agreement	:	30 August 2021
Total Consideration	:	US$29.2 million
Date of Last Payment of Consideration	:	2 September 2021
Cost per Share paid by the Pre-IPO Investor III	:	Approximately US$3.48
Cost per Share paid by the Pre-IPO Investor III (taking into account the effect of the Share Split)	:	Approximately US$1.88 (HK$14.61)
Premium to the Offer Price(1)	:	Approximately 128.30%
Shareholding in the Company upon Listing(2)	:	2.22%

Notes:

(1) The premium to Offer Price is calculated by comparing the cost per Share paid by the Pre-IPO Investor III (taking into account the effect of the Share Split and converted from U.S. dollars to Hong Kong dollars at an exchange rate of US$1=HK$7.77862) and the Offer Price, assuming the Offer Price is fixed at HK$6.40 (being the mid-point of the Offer Price Range).

(2) Immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering and assuming the Over-allotment Option is not exercised.

(4) Transfer of Shares of the Company from Japfa to GGG Holdings Limited ("GGG Holdings")

On 7 September 2021, Japfa and New Hope Dairy Co., Ltd. ("**New Hope**") (the "**Pre-IPO Investor IV**", together with Pre-IPO Investor I, Pre-IPO Investor II and Pre-IPO Investor III, the "**Pre-IPO Investors**") entered into a sale and purchase agreement, pursuant to which Japfa agreed to transfer 16,805,598 Shares (representing 5% of the issued share capital of the Company at the time) to New Hope for a consideration of US$58.4 million (the "**Acquisition IV**", together with Acquisition I, Acquisition II and Acquisition III, the "**Pre-IPO Investment**"). The consideration was arrived at on a willing-buyer, willing-seller basis after arm's length negotiation taking into account the financial position of the Group and multiples of companies in the dairy industry at the time, as well as approximately 15% premium over the agreed valuation for Acquisition I. The premium represented an improvement in the Company's valuation over the 16 months since Acquisition I which was commercially agreed between the Pre-IPO Investor IV and Japfa. The Shares were transferred to GGG Holdings (the transferee nominated by New Hope) on 2 December 2021 and the consideration was paid in full to Japfa on 3 December 2021.

Principal Terms of the Acquisition IV

The principal terms of the Acquisition IV are set out below.

Date of the Sale and Purchase Agreement	:	7 September 2021
Total Consideration	:	US$58.4 million
Date of Last Payment of Consideration	:	3 December 2021
Cost per Share paid by the Pre-IPO Investor IV	:	Approximately US$3.48
Cost per Share paid by the Pre-IPO Investor IV (taking into account the effect of the Share Split)	:	Approximately US$1.88 (HK$14.61)
Premium to the Offer Price(1)	:	Approximately 128.30%
Shareholding in the Company upon Listing(2)	:	4.44%

Notes:

(1) The premium to Offer Price is calculated by comparing the cost per Share paid by the Pre-IPO Investor IV (taking into account the effect of the Share Split and converted from U.S. dollars to Hong Kong dollars at an exchange rate of US$1=HK$7.77862) and the Offer Price, assuming the Offer Price is fixed at HK$6.40 (being the mid-point of the Offer Price Range).

(2) Immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering and assuming the Over-allotment Option is not exercised.

Proceeds from the Pre-IPO Investment

The Company did not receive any proceeds from the Pre-IPO Investment, as the Pre-IPO Investors purchased Shares from Japfa, an existing Shareholder.

Strategic Benefits of the Pre-IPO Investment to the Company

The Pre-IPO Investment was part of the Company's exercise over the past two years to add a number of strategic milk processor investors as Shareholders and to grow the Group into a leading independent raw milk producer in China. The Directors were of the view that the Company would benefit from the demonstration of confidence in the business development and prospects of the Group brought by the Pre-IPO Investment and the milk supply framework agreements entered into between the Group and the Pre-IPO Investors and/or their subsidiaries, as described in "*Special Rights of the Pre-IPO Investors*" below. Further, taking into account the background of the Pre-IPO Investors, the Pre-IPO Investments allow the Company to team up with strategic Chinese premium downstream players as shareholders, and the Directors believe their investment in Company is a testament to such premium downstream players' confidence in the quality and reliability of the Company's raw milk supply. For details of the background of the Pre-IPO Investors, see "*– Background of the Pre-IPO Investor*" below.

Special Rights of the Pre-IPO Investors

The Company, Japfa, Meiji Co., Meiji China, Plutus Taurus, Chi Forest, Honest Dairy, GGG Holdings and New Hope are parties to a shareholders' agreement (the "**Shareholders' Agreement**") dated 15 April 2020, as amended by the deeds of ratification and accession dated 30 August 2021 and 7 September 2021, under which certain rights relating to the governance of the Company were granted to the Pre-IPO Investors as Shareholders, including (i) certain director nomination rights, (ii) information rights to operational and financial information of the Group and (iii) right of first offer, right of first refusal, tag-along right and drag-along right in the event of certain transfers of Shares. The Shareholders' Agreement (including the special rights granted thereunder) will terminate upon the Listing.

The Group and the Pre-IPO Investors and/or their subsidiaries have entered into milk supply framework agreements for the supply of milk up to the total amount of milk produced by the Company's subsidiaries per day multiplied by the respective Pre-IPO Investor's shareholding in the Company, and milk supply agreements on similar terms as those with other key customers, which are commercial arrangements entered into amongst the parties and are on normal commercial terms. See *"Connected Transactions – C. Non-exempt Continuing Connected Transactions – 3. Raw Milk Purchase and Sale Agreement"* for details of the raw milk supply agreement with Meiji China's subsidiary and *"Business – Our Customers"* for details of key terms of typical raw milk sales contracts with key customers.

Lock-up

The Pre-IPO Investors are not subject to any lock-up under the sale and purchase agreements in relation to the Pre-IPO Investment. Meiji China has agreed to a lock-up pursuant to an undertaking to the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters). See *"Underwriting – Underwriting Arrangements and Expenses – Undertakings by Meiji China Pursuant to the Lock-up Undertaking"*.

Background of the Pre-IPO Investors

(1) Meiji Co. and Meiji China

Meiji Co. is a major dairy industry company established in 1917 in Japan and a subsidiary of Meiji Holdings Co., Ltd. ("**Meiji Holdings**"), which is listed on the Tokyo Stock Exchange (securities code: 2269). As of 30 June 2022, Meiji Holdings' largest shareholder holding 16.29% of its issued shares was The Master Trust Bank of Japan, Ltd. (Trust Account). Apart from dairy products like milk, ice cream, and cheese, Meiji Co.'s line-up includes sports drinks, pizza, chocolate bars and food supplements. Meiji Co. set up a wholly-owned subsidiary, Meiji China, in January 2019 and stepped into Chinese dairy market. Meiji China and Meiji Co. are our existing customers. See *"Connected Transactions – C. Non-exempt Continuing Connected Transactions – 3. Raw Milk Purchase and Sale Agreement"* for details of the raw milk supply agreement with Meiji China.

As of the date of this prospectus, Meiji China holds approximately 25% of the total issued Shares of the Company, being the substantial shareholder of the Company.

(2) Plutus Taurus and Chi Forest

Chi Forest is an exempted private company which is majority controlled by Mr. Tang Binsen, its founder. Founded in 2016, Chi Forest and its subsidiaries ("**Chi Forest Group**") are a fast-growing F&B group based in China with global offices in US, Singapore, Australia, Indonesia, and other countries. The company specialises in making "better-for-you" food and beverage products. Key products include flavoured zero-calorie sparkling waters, functional drink, energy drink, unsweetened tea and yoghurt. Chi Forest Group is our existing customer. Plutus Taurus is a company incorporated in Hong Kong and indirectly owned as to approximately 94.5% by Chi Forest. Approximately 5.5% of Plutus Taurus is held by Shanghai Hongzhi Business Consulting Partnership (Limited Partnership) (which was 99.9% owned by Nanjing CICC Qihong Investment Fund Partnership (Limited Partnership), the general partner of which was CICC Capital Operation Co., Ltd., a wholly-owned subsidiary of China International Capital Corporation Limited) pursuant to an investment in Plutus Taurus which was completed on 28 July 2022. The main business of Plutus Taurus is investment and share-holding.

As of the date of this prospectus, Plutus Taurus holds approximately 5% of the total issued Shares of the Company.

(3) Honest Dairy

Honest Dairy is a premium Chinese fresh dairy producer based in Guangzhou. Featuring zero additives and healthy nutrition, the company has introduced a wide range of high-quality yoghurt products under its key brands "Honest Dairy (簡愛)", "Dad's Recipe" and "Body Knows". Honest Dairy is our existing customer. Honest Dairy is a private company established in Guangzhou, China in November 2014 with a registered share capital of approximately RMB108.9 million as of the Latest Practicable Date, the ultimate beneficial owners of which are its management team led by its founder and chairman Mr. Xia Haitong as well as various investment funds based principally in Hong Kong and China. Honest Dairy was one of our top five customers for certain year/period(s) during the Track Record Period.

As of the date of this prospectus, Honest Dairy holds approximately 2.5% of the total issued Shares of the Company.

(4) New Hope and GGG Holdings

New Hope is a leading large-scale comprehensive dairy supplier in China, with a commitment to providing consumers with fresh, healthy, quality dairy products. New Hope operates through a network of 16 dairy processing facilities across South West, North West, East, North and Central China and is an existing customer of the Group. New Hope is listed on the Shenzhen Stock Exchange (stock code: 002946) with a revenue of approximately RMB8,966.8 million in 2021 and its ultimate controlling shareholders are Ms. Liu Chang (a director of New Hope) and her father Mr. Liu Yonghao, who together indirectly held approximately 80.1% of New Hope as of 30 June 2022. GGG Holdings is a company incorporated in Hong Kong and wholly-owned by New Hope. The main business of GGG Holdings is investment and share-holding. New Hope was one of our top five customers for certain year/period(s) during the Track Record Period.

As of the date of this prospectus, GGG Holdings holds approximately 5% of the total issued Shares of the Company.

Other than the respective shareholding interest in the Company and as otherwise disclosed in this section, the Pre-IPO Investors and their ultimate beneficial owners are independent from the Group and the connected persons of the Company.

Public Float

Immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Pre-IPO Investors will hold approximately 33.32% of the total issued Shares (if the Over-allotment Option is not exercised) and 33.10% of the total issued Shares (if the Over-allotment Option is exercised in full). Immediately upon the completion of the Japfa Distribution, the Capitalisation Issue, the Share Award Issuance and the Global Offering, Meiji China will be a substantial shareholder or core connected person of the Company and the Shares held by it will not count towards the public float. Each of the other Pre-IPO Investors will not be a substantial shareholder or core connected person of the Company and the Shares held by each of them will count towards the public float.

Upon the Japfa Distribution becoming effective on the Listing Date, Japfa will hold the Shares under the Japfa Distribution (the "**Distribution Shares**") as nominee for the benefit of the Entitled Japfa Shareholders during the Election Period, pending the election to be made by the Entitled Japfa Shareholders (other than Japfa Overseas Shareholders) as described in "*The Japfa Distribution and the Listing*". The Distribution Shares held by Japfa on the Listing Date for the benefit of the Entitled Japfa Shareholders who are not the Company's core connected persons (the "**Relevant Distribution Shares**") constitute Shares held by the public for the purpose of Listing Rules 8.08 and 8.24 and count towards the public float. To the best knowledge of the Directors, approximately 15.51% (without including the Relevant Distribution Shares) of the Shares will count towards the public float of the Company immediately upon the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, and approximately 35.55% of the Shares will count towards the public float of the Company immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, in each case assuming the Over-allotment Option is not exercised.

Compliance with Interim Guidance and Guidance Letters

On the basis that (i) the consideration for the Pre-IPO Investment was settled more than 28 clear days before the date of the first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing and (ii) the Shareholders' Agreement (and any special rights granted to the Pre-IPO Investors thereunder) will terminate upon the Listing, the Joint Sponsors have confirmed that the Pre-IPO Investment is in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on 13 October 2010, as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

OUR MAJOR SUBSIDIARIES

Details of the principal subsidiaries of the Company which made a material contribution to the Company's results of operations during the Track Record period and are material to our operations are set out below:

Name	Date and Place of Incorporation	Principal business activities	Registered Share Capital	Equity Interest Attributable to the Group
Dongying AustAsia	31 July 2009, the PRC	Production and sales of raw milk	US$35,000,000	100%
Tai'an AustAsia	5 May 2011, the PRC	Production and sales of raw milk	US$30,000,000	100%
Dongying Xianhe AustAsia	28 June 2011, the PRC	Production and sales of raw milk	US$25,000,000	100%
Dongying AustAsia Beef	29 March 2013, the PRC	Breeding and sales of beef cattle	US$26,430,000	100%
Dongying Shenzhou AustAsia	10 April 2013, the PRC	Production and sales of raw milk	US$40,000,000	100%
Shanghai AustAsia Food	23 December 2013, the PRC	Trading, wholesale and distribution of milk products	US$3,000,000	100%
Chifeng AustAsia	1 September 2014, the PRC	Production and sales of raw milk	US$85,600,000	100%
Pure Source Dairy	21 January 2016, the PRC	Production and sales of raw milk	US$187,000,000	100%
Shandong AustAsia Feed	2 June 2021, the PRC	Production and supply of feed	US$12,000,000	100%

ACQUISITIONS AND DISPOSALS

Acquisition of Pure Source Dairy

On 27 June 2021, we entered into a sale and purchase agreement to acquire the entire issued share capital in Falcon Dairy Holdings Limited ("**Falcon Dairy**"), which owned 100% of the issued capital of Pure Source Dairy, from Fonterra Tangshan Dairy Farm (HK) Limited and Abbott Overseas Luxembourg S.A.R.L. (which are independent third parties) for a cash consideration of US$123.5 million. Pure Source Dairy owned two dairy farms in Shandong, China which produce quality raw milk and two additional sites of land in Shandong. The acquisition was completed on 30 June 2021. The consideration for the acquisition was determined based on a fixed price of US$115.5 million as determined on a cash-free, debt-free basis by the parties through an auction process which was subject to customary closing adjustments, including cash being retained in Falcon Dairy and Pure Source Dairy at closing, any variance between the actual and agreed minimum cattle herd size in the two dairy farms at closing and any transactional cost. At closing, the final consideration was adjusted for approximately US$8 million of cash retained in Falcon Dairy and Pure Source Dairy. The acquisition has been legally completed and any necessary approvals from the relevant authorities have been obtained. As of the Latest Practicable Date, Falcon Dairy, which was a holding company, was in the process of being liquidated by members' voluntary winding up following the transfer of Pure Source Dairy to AIH2, a wholly-owned subsidiary of the Company.

Transfers of GDS and the beef cattle and distribution businesses

On 2 April 2020, as part of the Japfa Group's internal restructuring exercise to segregate the dairy downstream business in South East Asia from our dairy farming business in the PRC, we disposed of our entire interest in GDS (which comprised certain wholly-owned subsidiaries operating the South East Asia business, which operate two dairy farms in Indonesia and are engaged in the production, trading, wholesale and distribution of milk under the "Greenfields" brand in Singapore, Indonesia, Malaysia and Hong Kong) and Shanghai AustAsia Food to Japfa. The consideration amounting to US$71.6 million was settled via capital reduction in the Company's share capital during 2020. See *"Financial Information – Description of Major Components of Our Results of Operations–Discontinued operation"* and Note 12 to the Accountants' Report included in Appendix I to this prospectus for further details. The consideration for GDS was determined by reference to the net asset values of Greenfields Dairy Singapore Pte. Ltd. of US$4,946,796, PT Greenfields Indonesia and PT Greenfields Dairy Indonesia of US$41,313,545, and Greenfields Dairy Malaysia Sdn. Bhd. of US$410,362 as of 31 December 2019 as recorded in the Group's accounts or based on independent valuation, shareholder loan of US$24,950,000 due from GDS to the Company, and consideration of US$1 for Greenfields Dairy Hong Kong Limited which had negative net tangible asset value. The consideration for Shanghai AustAsia Food was US$1 which was determined by reference to its negative net tangible asset value. Following completion of the Group's disposal of GDS to the Japfa Group in April 2020 and Japfa Group's subsequent disposal of 80% of GDS to Freshness Holdings Ltd., which is ultimately owned by two private equity investors and an independent third party, in February 2021, neither the Group nor the Japfa Group distributes milk under the "Greenfields" brand.

On 2 April 2020, Dongying AustAsia Beef (formerly Dongying Japfa Beef Co. Ltd.), which operates our beef cattle business, was transferred from the Japfa Group to us at a consideration of US$26.43 million (which was the amount of the Japfa Group's investment in Dongying AustAsia Beef) which was settled by an allotment of 18,878,573 Shares on 27 April 2020 to Japfa. The beef cattle business operates synergistically with the Group's raw milk business, as further described in "*Business – Beef Cattle Business*".

Shanghai AustAsia Food, a distribution business, was initially transferred together with the downstream business in South East Asia operated by GDS from the Group to the Japfa Group as part of Japfa Group's internal restructuring to separate the downstream business from the PRC dairy farming business. However, as Shanghai AustAsia Food's principal business activities are the trading, wholesale and distribution of milk products in China, which is complementary to the Group's dairy business for the distribution of milk under the "澳亞牧場 AustAsia" brand, the Group and the Japfa Group determined that retaining Shanghai AustAsia Food within the Group would be synergistic with the Group's main business. On 14 October 2020, the Group acquired Shanghai AustAsia Food back from the Japfa Group for US$1, at the same consideration as for the transfer to Japfa Group in April 2020.

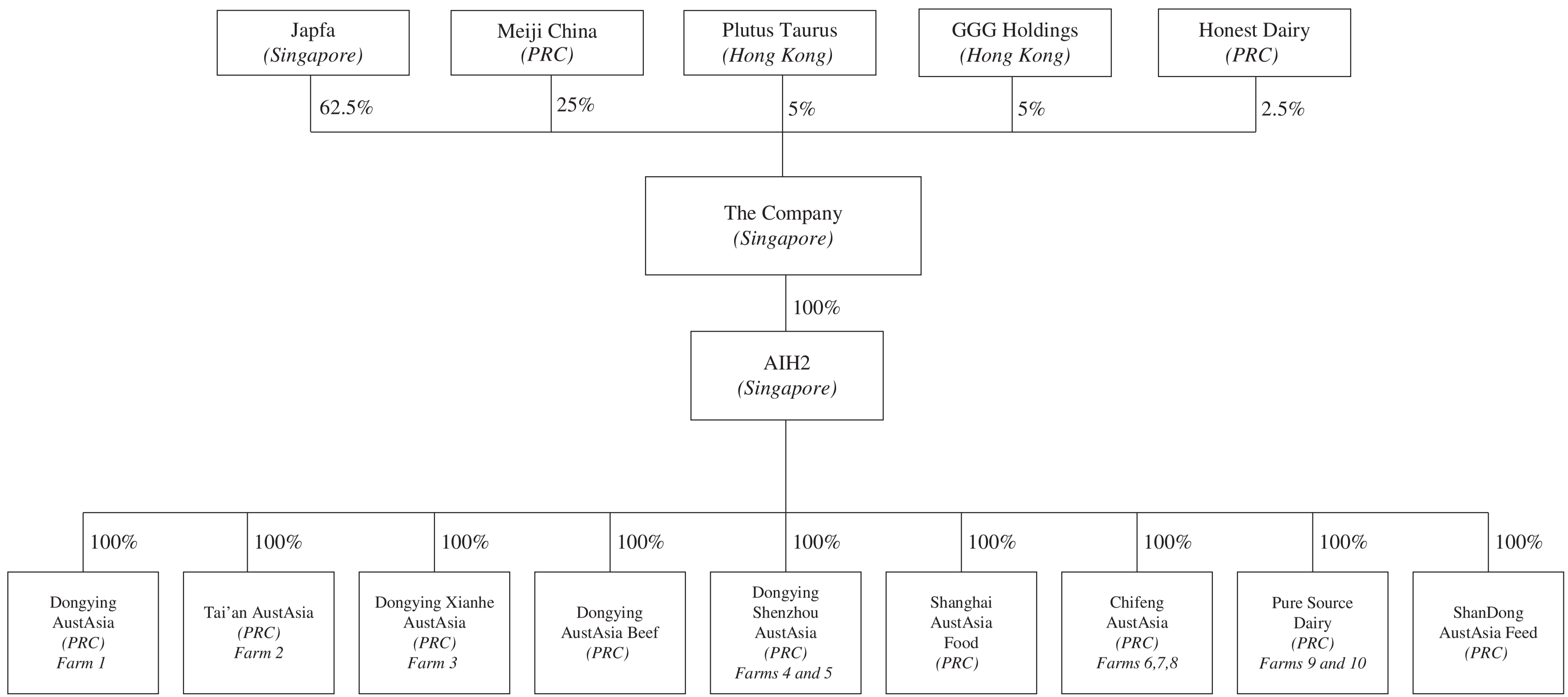
The transfers have been legally completed and any necessary approvals from the relevant authorities have been obtained. During the Track Record Period and up to 2 April 2020, GDS was not involved in any material non-compliance or legal proceedings and did not encounter any material financial difficulties which would have a material adverse effect on the Group's financial position as a whole as of 31 December 2021 if it remained consolidated in the Company's financial statements for the year ended 31 December 2021. During the Track Record Period, Shanghai AustAsia Food was not involved in any material non-compliance or legal proceedings which have a material adverse effect on the Group's financial position as a whole.

During the Track Record Period, the Group has not conducted any major acquisition or disposal (as defined in the Listing Rules).

CORPORATE STRUCTURE

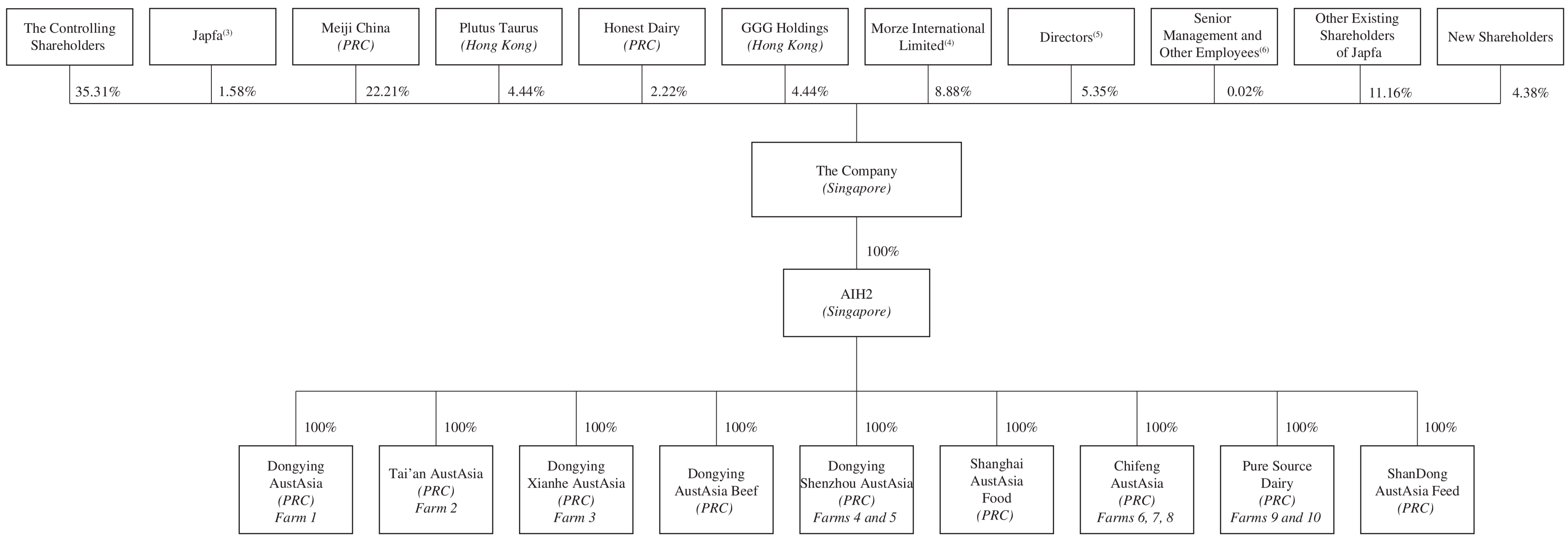
Corporate structure as of the date of this prospectus

The simplified corporate structure of the Group as of the date of this prospectus is as follows:



Corporate structure immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering

Immediately following the Japfa Distribution (as described in *"The Japfa Distribution and the Listing"*) becoming effective and the completion of the Capitalisation Issue[(1)], the Share Award Issuance[(2)] and the Global Offering (assuming the Over-allotment Option is not exercised), the simplified corporate structure of the Group will be as follows:



Notes:

(1) The number of Shares to be issued pursuant to the Capitalisation Issue will be calculated using the final Offer Price. In this prospectus, the number of the Shares to be issued pursuant to the Capitalisation Issue has been calculated using the mid-point of the Offer Price Range for illustration purposes. See "*Financial Information – Indebtedness – Loans from a Shareholder*" for details.

(2) The Share Award Issuance comprises the new Shares to be issued on the Listing Date in settlement of (a) the outstanding SARs granted by the Company and (b) the single initial grant awards made under the AAG PSP, after taking into account the Share Split. The number of Shares to be issued in settlement of outstanding SARs will be calculated using the final Offer Price. In this prospectus, the number of the Shares has been calculated using the mid-point of the Offer Price Range for illustration purposes. See "*Appendix V – Statutory and General Information – C. Share Plans*" for details.

(3) Japfa may hold some Shares as a result of the distribution ratio and fractional entitlements of the Japfa Distribution. See "*The Japfa Distribution and the Listing – The Japfa Distribution – Information on the Japfa Distribution*" for details.

(4) The shares in Morze International Limited are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Capital Two Trust. See "*Substantial Shareholders*" for further details.

(5) Comprises (i) 19,992,612 Shares to be issued pursuant to the Japfa Distribution and 7,492,500 Shares to be issued pursuant to the Share Award Issuance (comprising 7,492,500 Shares to be issued in settlement of single initial grant awards made under the AAG PSP) to Mr. TAN Yong Nang; (ii) 1,180,360 Shares to be issued pursuant to the Japfa Distribution and 6,206,700 Shares to be issued pursuant to the Share Award Issuance (comprising 9,200 Shares to be issued in settlement of SARs and 6,197,500 Shares to be issued in settlement of single initial grant awards made under the AAG PSP) to Mr. Edgar Dowse COLLINS; and (iii) 51,000 Shares to be issued pursuant to the Japfa Distribution and 2,504,000 Shares to be issued pursuant to the Share Award Issuance (comprising 6,500 Shares to be issued in settlement of SARs and 2,497,500 Shares to be issued in settlement of single initial grant awards made under the AAG PSP) to Mr. YANG Ku, each an Executive Director. See *"The Japfa Distribution and the Listing"* and *"Appendix V – Statutory and General Information – C. Share Plans"*. The Shares held by the Directors will not count towards the public float of the Company.

(6) Comprises 165,100 Shares to be issued to other members of senior management and other employees of the Group pursuant to the Share Award Issuance in settlement of SARs. See *"Appendix V – Statutory and General Information – C. Share Plans – 1. Share Appreciation Rights"*.

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us or any Relevant Persons, and no representation is given as to its accuracy.

SOURCES OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan, an independent market research consulting firm, to conduct a detailed analysis and prepare an industry report on the dairy, raw milk supply and beef cattle industries in China. Frost & Sullivan is an independent global consulting firm founded in the United States in 1961. It is principally engaged in the provision of market research consultancy services, conducting industry research, and providing market and enterprise strategies and consultancy services across various industries. We incurred a total of US$102,000 in fees and expenses in connection with the preparation of the Frost & Sullivan Report. The payment of this amount is not contingent on the success of the Global Offering or on the conclusions of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering.

In connection with the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the target research markets. Primary research involved interviewing industry insiders such as leading market players, suppliers, customers, and recognised third-party industry associations. Secondary research involved reviewing company reports, independent research reports, and data based on Frost & Sullivan's own research database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.

Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an adverse impact on such information.

THE DAIRY INDUSTRY IN CHINA

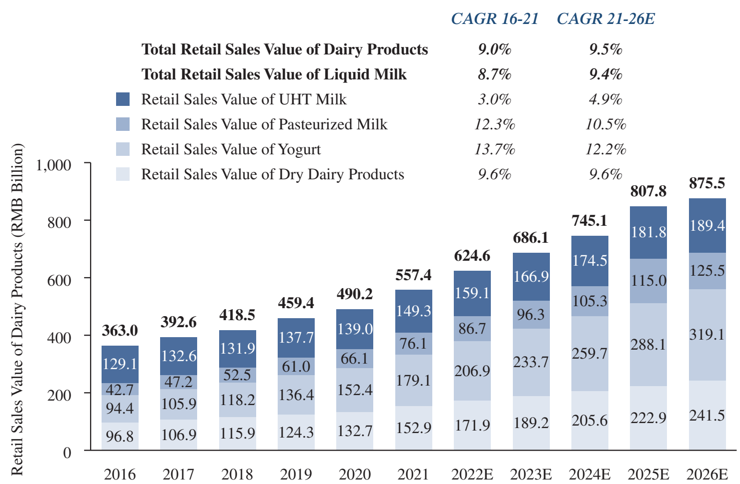
Overview

The dairy industry in China has been undergoing rapid growth in recent years and has significant growth potential. This growth is primarily driven by increasing per capita dairy products consumption due to continuous urbanisation, increase in disposable income and consumption upgrades.

The retail sales value of dairy products has experienced strong growth from RMB363.0 billion in 2016 to RMB557.4 billion in 2021, representing a CAGR of 9.0%. In 2021, the retail sales value of dairy products increased significantly by 13.7% mainly due to (i) effective government control of the COVID-19 pandemic and (ii) consumers' rising health awareness and willingness to pay higher prices for dairy products. The total retail sales value of dairy products is expected to reach RMB875.5 billion in 2026, at a CAGR of 9.5% from 2021 to 2026.

Set forth below is a chart indicating the retail sales value of dairy products for the periods indicated.

Retail Sales Value of Dairy Products by Category (China), 2016-2026E



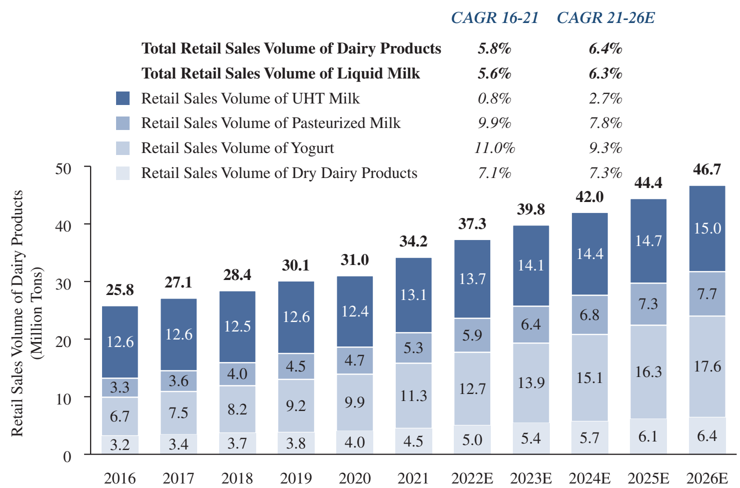
Source: National Bureau of Statistics, Dairy Association of China, General Administration of Customs, Frost & Sullivan

The retail sales volume of dairy products market increased from 25.8 million tons in 2016 to 34.2 million tons in 2021, with a CAGR of 5.8%. As of 2021, the liquid milk market, which consists of UHT milk, pasteurised milk, and yogurt, totalled a retail sales volume of 29.7 million tons, taking up 86.8% of the total dairy product market. The retail sales volume of dry dairy products grew from 3.2 million tons in 2016 to 4.5 million tons in 2021, realising an even higher growth rate from 2016 to 2021.

With the increasing consumer preference in high-end and diversified dairy products such as butter, cheese, cream, the retail sales volume of dairy product is expected to reach 46.7 million tons in 2026, at a CAGR of 6.4% from 2021 to 2026.

Set forth below is a chart indicating the retail sales volume of dairy products for the periods indicated.

Retail Sales Volume of Dairy Products by Category (China), 2016-2026E



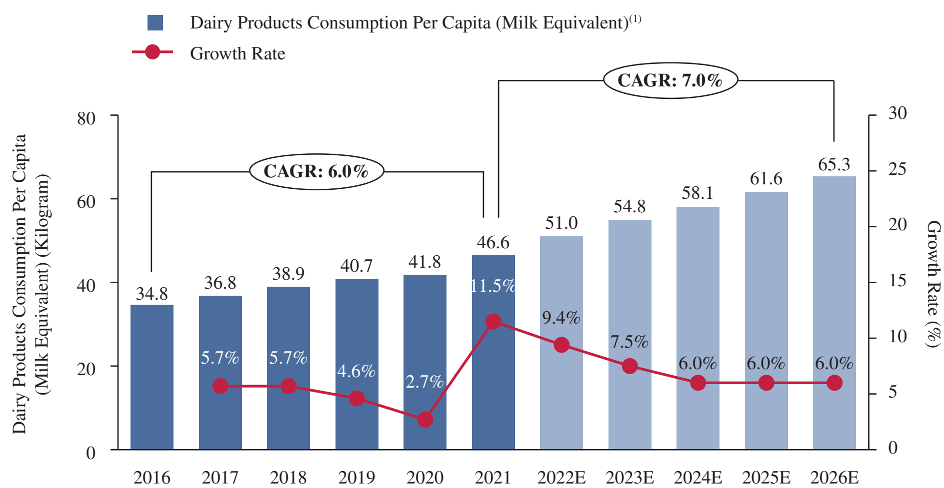
Source: National Bureau of Statistics, Dairy Association of China, General Administration of Customs, Frost & Sullivan

Compared to the dairy product market in developed countries, China's dairy product market is still underpenetrated and has significant growth potential. The dairy products consumption per capita (milk equivalent) in China was 41.8 kilograms in 2020, which was only 17.0% of that in the European Union and only 18.4% of that in the United States. The dairy products consumption per capita (milk equivalent) in China was also much lower than that of certain Asian countries with similar dietary habits, such as South Korea and Japan.

In addition, the dairy products consumption per capita (milk equivalent) in China increased from 34.8 kilogramme in 2016 to 46.6 kilogramme in 2021, at a CAGR of 6.0%, which was faster than the growth of liquid milk consumption per capita. This is primarily because of the higher growth rate for dry dairy products due to consumption upgrades. The dairy products consumption per capita (milk equivalent) is expected to reach 65.3 kilograms in 2026, at a CAGR of 7.0% from 2021 to 2026. This is supported by consumers' increasing disposable income, rising health awareness and rising demand for dairy products. The COVID-19 pandemic in China in early 2020 resulted in widespread and prolonged government-mandated lockdowns across China, stringent measures, including mandatory quarantines and inspection, travel restrictions, suspension of public transportation and prohibition of social and work gatherings were imposed in numerous regions across China, causing a significant reduction in various industries in the first half of 2020, including the dairy industry. The liquid milk consumption per capita in 2020 recorded a lower growth of 2.1%. As a result of the effective control of COVID-19 and the easing of movement restrictions in 2021, the liquid milk consumption per capita recovered with a growth rate of 9.4% in 2021.

Set forth below is a chart indicating the dairy products consumption per capita in China for the periods indicated.

Dairy Products Consumption Per Capita (China), 2016-2026E



Note:

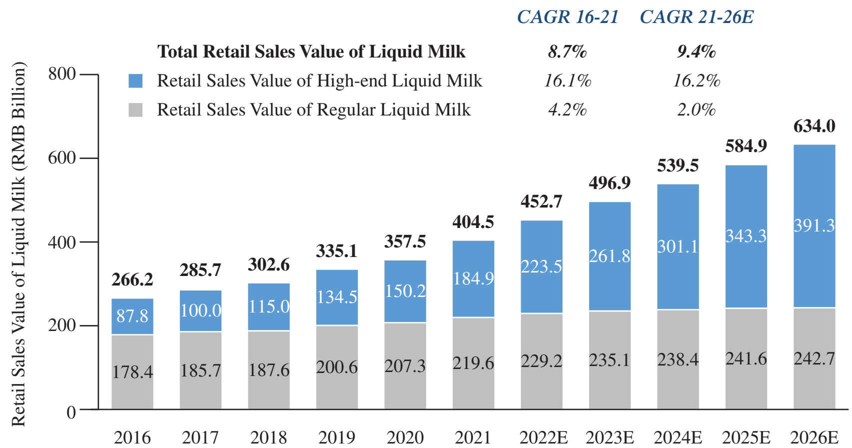
(1) The dairy products consumption per capita (milk equivalent) refers to the consumption in milk equivalent of liquid milk, butter, cheese and cream. Milk equivalent is a measure of the quantity of raw milk used in a processed dairy product. For example, it takes one kilogramme of raw milk to produce one kilogramme of liquid milk, and approximately eight kilogrammes of raw milk to produce dry dairy products.

Source: National Bureau of Statistics, Dairy Association of China, General Administration of Customs, Frost & Sullivan

The retail sales value of high-end liquid milk has grown from RMB87.8 billion in 2016 to RMB184.9 billion in 2021, representing a CAGR of 16.1%, and is expected to further grow to RMB391.3 billion in 2026 at a CAGR of 16.2%. This represents a significantly higher growth rate as compared to that of regular liquid milk. The primary reason for this significant growth is due to the increasing demand for high-end liquid milk. High-end liquid milk is expected to become the dominant category of the liquid milk market in China.

Set forth below is a chart indicating the retail sales value of high-end liquid milk as compared to regular liquid milk for the periods indicated.

Retail Sales Value of Liquid Milk by Price Range (China), 2016-2026E



Notes:

(1) High-end liquid milk is defined as liquid milk which is generally rich in protein, fat and other nutritional content. It has a retail price of no less than RMB20/L in 2020.

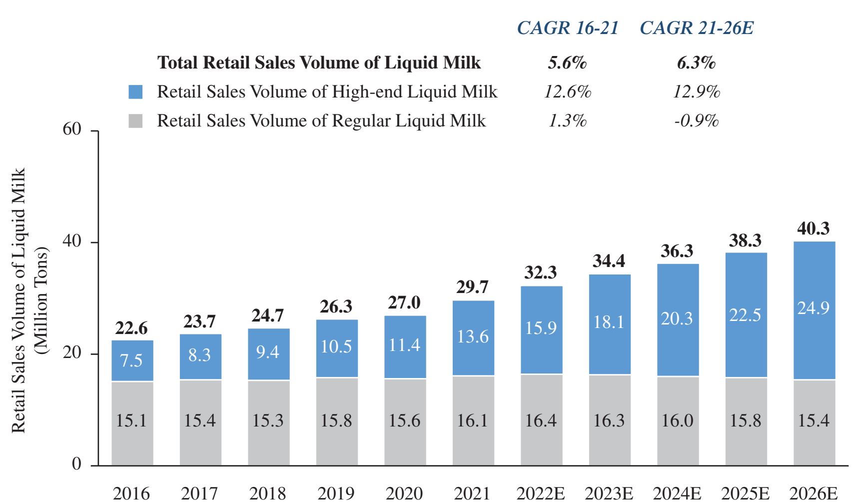
(2) Regular liquid milk has a retail price of less than RMB20/L in 2020.

Source: National Bureau of Statistics, Dairy Association of China, General Administration of Customs, Frost & Sullivan

The retail sales volume of high-end liquid milk has grown from 7.5 million tons in 2016 to 13.6 million tons in 2021, with a CAGR of 12.6%, and it is expected to further grow at a CAGR of 12.9% to 24.9 million tons in 2026.

Set forth below is a chart indicating the retail sales volume of high-end liquid milk as compared to regular liquid milk for the periods indicated.

Retail Sales Volume of Liquid Milk by Price Range (China), 2016-2026E



Source: National Bureau of Statistics, Dairy Association of China, General Administration of Customs, Frost & Sullivan

The competitive landscape of the dairy industry in China has been undergoing changes in recent years. Due to large scale digital marketing campaigns targeting the younger generations and various product offerings catering to consumer demand, emerging dairy brands have achieved significant development. During the past three years, emerging dairy brands have grown at a CAGR of more than 50%. In addition, regional dairy companies have achieved steady development due to their localised and diversified product offerings. As a result, the competitive landscape of the dairy industry in China has become more dynamic. The market concentration of two leading dairy companies in China, in terms of retail sales value of dairy products in China, decreased from 58.6% in 2019 to 55.5% in 2021. This was mainly due to (i) the demand for diversified dairy products; (ii) the rise of emerging dairy brands, which target mid-to-high end products and normally focus on one sub-category of dairy products and (iii) the increasing penetration of online sales of dairy products, because of the COVID-19 pandemic.

Key Growth Drivers of the Dairy Industry in China

- *Sustained urbanisation.* China's urbanisation rate is expected to increase from 63.9% in 2020 to 70.7% in 2025. As more people migrate to urban cities, their consumption habits have evolved. These individuals have become more accustomed to dairy products consumption, which has been driving up the overall dairy consumption in China. In addition, accelerated urbanisation brings urban lifestyle and habits to lower-tier cities and rural areas, which is expected to propel dairy consumption in these regions. As a result, a larger number of Chinese consumers have become accustomed to dairy product consumption, which has been driving up the overall dairy consumption in China.

- *Increasing disposable income promoting consumption upgrade.* With rising disposable income, Chinese consumers are willing to spend more on dairy products. The increased disposable income propels the consumption upgrade in China. Continuous consumption upgrade in China drives the demand for dairy products, especially the demand for high-end dairy products with rich nutritional content (e.g. high-end liquid milk, cheese and cream). The retail sales value of high-end liquid milk is expected to increase from RMB184.9 billion in 2021 to RMB391.3 billion in 2026, representing a CAGR of 16.2%.

- *Rising health awareness and demographic change.* Chinese consumers, especially the younger generations, have become more health-conscious and place greater importance on a balanced diet with diversified nutrients. As a result, the demand for diversified and high-quality dairy products is expected to increase. Dairy products with high nutritional value have become a popular dietary staple in China. For example, specialty dairy products with high nutritional value, such as organic milk, Jersey milk and yogurt, have gained wide popularity in China. Furthermore, the outbreak of the COVID-19 pandemic has significantly increased Chinese consumers' health concerns. Chinese consumers have increasingly recognised the importance of dairy products as part of a healthy balanced diet. This is expected to further promote the growth of the dairy market.

- *Favourable government policies.* The PRC government has promulgated a series of encouraging policies to support the development of the raw milk supply market in China. For example, the "Outline of the People's Republic of China 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035" (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要), released in March 2021, identifies the main tasks for the future modern dairy industry development. These include (i) accelerating the development of smart dairy industry, (ii) promoting the construction of national-level livestock and poultry core breeding farms, (iii) promoting the development of the dairy products processing industry, (iv) driving up industrial integration and (v) sharpening the competitive edge of private dairy companies in China. In addition, the Ministry of Agriculture and Rural Affairs put forward the "No. 1 Document released by the Central Government in 2019" (2019年中央一號文件) to implement the revitalisation action of the dairy industry. It mainly includes upgrading small and medium-sized dairy farms, as well as implementing the revitalisation of alfalfa development plan in the dairy industry. At the same time, provincial governments have also launched plans to revive the local dairy industry.

- *Increasing online sales of dairy products.* With the robust development of internet and mobile internet, as well as online shopping platforms in China, online retail sales in the PRC has grown rapidly at a CAGR of 22.9% from 2016 to 2020. Dairy manufacturers leverage the thriving online retail model and China's fast and convenient delivery network to penetrate the dairy products market. The emergence of data-driven new retail models and efficient supply chain have driven up the sales of products with limited shelf lives. This has also provided customers with superior customer experience. The dairy products market is well-positioned to benefit from the convenient, highly-efficient logistics and delivery network in China, as well as from the rise of emerging dairy brands targeting younger consumers. As a result, online sales of dairy products are expected to grow and drive up the overall dairy product sales.

Key Market Trends of the Dairy Industry in China

- *Chinese consumers' growing food safety and quality concerns.* Chinese consumers are paying more attention to balanced nutritional diets as well as to the safety, quality and nutritional value of dairy products. The growing food safety and quality concerns about dairy products calls for more stringent quality control measures over dairy manufacturers' production processes and raw milk procurement. This is expected to boost the management procedures and standard production processes of dairy manufacturers so that they are better positioned to deliver safe and high-quality raw milk.

- *Chinese consumers' evolving demand for diversified dairy products.* Chinese consumers' demand for dairy products is evolving with rising urbanisation and disposable income. Demand for diverse dairy products, which are customised for various groups of people at different ages, is expected to drive up the development of the dairy product market. This, in turn, is expected to propel the prosperity of the dairy product market in China, especially of high-end dairy products.

- *Further integration of technologies within the entire dairy industry value chain.* The dairy industry is becoming more intelligent with the integration of different information technologies throughout the whole dairy industry value chain. These technologies help leading dairy companies to accumulate and analyse user data in order to achieve innovations in their businesses. As a result, dairy companies can increase their interaction with consumers and respond to customers' differentiated demands more efficiently and accurately.

- *Emerging dairy brands gaining market share.* Emerging dairy products brands are defined as dairy products brands targeting mid-to-high end dairy products and normally hold a place of one sub-category of dairy products, with a high growth rate in revenue over the past three years. These emerging dairy products brands, such as Honest Dairy (簡愛) and Adopt a Cow (認養一頭牛), have been gaining market share due to their large scale digital marketing campaigns targeting younger generations and various high-end product offerings catering to consumers' demand. These emerging brands have been growing at a CAGR of more than 50% during the past three years. This momentum of high growth is expected to continue for the next five years. The cooperation of dairy farm operators with emerging brands is also likely to foster the development of the dairy product market.

- *Focus on operational efficiency.* With the improvement of the Internet and advanced technologies, more dairy companies are integrating such technologies with their business operations and management procedures. It is expected that this integration with technologies will continue to improve the operational efficiency of dairy companies in the future.

THE RAW MILK SUPPLY INDUSTRY IN CHINA

Supply and Demand of Raw Milk in China

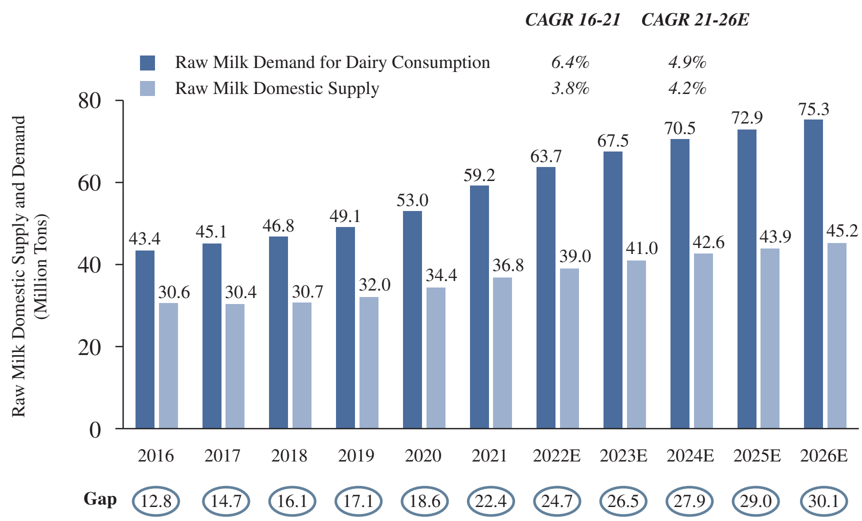
China's raw milk demand for dairy consumption has grown steadily in the past few years, from 43.4 million tons in 2016 to 59.2 million tons in 2021, representing a CAGR of 6.4%. Due to the increasing demand for dairy products from consumers as well as restaurants, coffee shops and tea shops, raw milk demand for dairy consumption in China is expected to further grow at a CAGR of 4.9% to 75.3 million tons from 2021 to 2026.

China's raw milk domestic supply remained relatively stable from 2016 to 2021, and reached 36.8 million tons in 2021, representing a CAGR of 3.8%. Driven by the increasing annualised average milk yield per milkable cow and rising number of dairy cows, raw milk supply is expected to grow at a CAGR of 4.2% to 45.2 million tons in 2026.

Raw milk demand for dairy consumption in China has continued to outstrip raw milk domestic supply over the years. The shortfall in domestic supply has continued to grow larger, and is expected to reach approximately 30.1 million tons in 2026. This is based on the grounds that (i) the raw milk demand for dairy consumption in China continues to ramp up at a faster pace than that of the supply for raw milk in the past few years and (ii) such upward momentum for the growing demand is likely to remain, despite the estimation that supply for raw milk is catching up.

Set forth below is a chart indicating the domestic supply and demand of raw milk in China for the periods indicated.

Supply and Demand of Raw Milk (China), 2016-2026E



Source: National Bureau of Statistics, Frost & Sullivan

Supply and Demand of High-end Raw Milk in China

High-end raw or premium milk refers to raw milk produced by dairy cows in large-scale dairy farms, which have standards higher than the PRC national standards, the U.S. standards, Japanese standards and the EU standards. High-end raw milk is mainly used in the production of high-end liquid milk, a small part of which is used in the production of high-end infant powder.

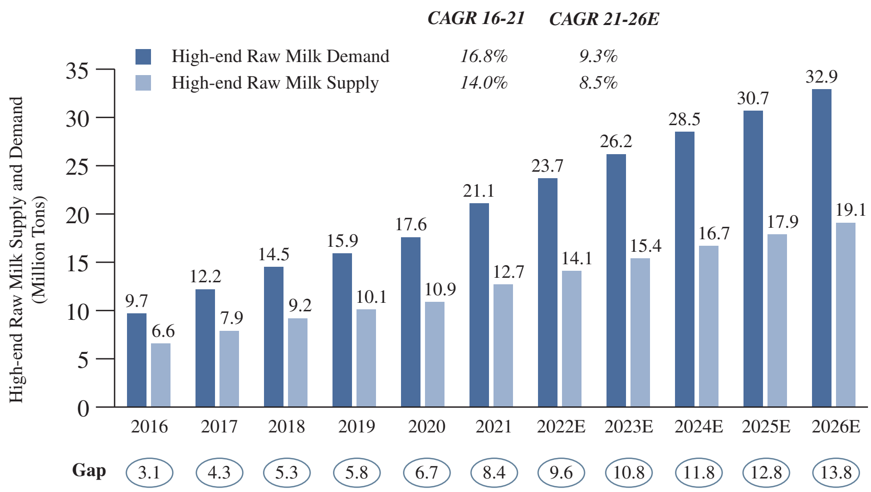
The high-end liquid milk market has represented significant growth in the past few years. High-end liquid milk products have much higher raw material quality standards than regular raw milk. As a result, the demand for high-end raw milk has grown significantly faster than regular raw milk. China's high-end raw milk demand has grown from 9.7 million tons in 2016 to 21.1 million tons in 2021, representing a CAGR of 16.8%. China's high-end raw milk demand is expected to further grow strongly at a CAGR of 9.3% to 32.9 million tons in 2026.

Driven by the strong demand for high-end raw milk and the development of large-scale dairy farms, the supply of high-end raw milk has also grown fast from 2016 to 2021. High-end raw milk supply has grown significantly from 6.6 million tons in 2016 to 12.7 million tons in 2021, representing a CAGR of 14.0%. The high-end raw milk supply is expected to grow strongly at a CAGR of 8.5% to 19.1 million tons in 2026.

High-end raw milk demand for dairy consumption in China has continued to outpace high-end raw milk supply over the years. This is due to the improvements in consumers' standard of living, consumption upgrades and the increasing demand for diversified high-end dairy products. The shortfall in supply continued to grow larger, which is expected to reach approximately 13.8 million tons in 2026.

Set forth below is a chart indicating the supply and demand of high-end raw milk in China for the periods indicated.

Supply and Demand of High-end Raw Milk (China), 2016-2026E



Source: National Bureau of Statistics, Frost & Sullivan

Raw Milk Quality

Protein content, fat content, aerobic plate count and somatic cell count are the four major indicators of raw milk quality. Generally, higher protein and fat content indicate higher quality. Aerobic plate count and somatic cell count are two major indicators used to determine the safety quality of raw milk. Generally, lower aerobic plate count and somatic cell count indicate improved sanitation and better animal health conditions. Safe and nutritive feed can ensure the health of cows and ensure the production of high-quality and safe raw milk. Less pesticide and veterinary drug residual antibiotic content are also very important. Large dairy farms with advanced management techniques and superior breed of dairy cows can typically produce raw milk of quality significantly above industry standards.

The protein content and fat content of our raw milk is 3.3% and 3.8% in 2021, which is higher than the National High Quality Milk Standard, the U.S. and Japanese standards. Meanwhile, the aerobic plate count and somatic cell count of our raw milk are far below that of the National High Quality Milk Standard, the U.S. and European standards.

Set forth below is a table indicating the raw milk quality standards of major companies and nations.

Raw Milk Quality Standard of Major Companies

Major Companies/ Nations	Protein Content (%)	Fat Content (%)	Aerobic Plate Count (CFU/ml)	Somatic Cell Count (CFU/ml)
The Group[(1)]	**3.3%**	**3.8%**	**5,081**	**141,239**
PRC national high-quality milk project[(2)]	≥3.1%	≥3.3%	<100,000	<300,000
Average of selected large-scale dairy farms[(3)]	3.9%	3.9%	42,700	210,600
PRC national standards[(4)]	≥2.8%	≥3.1%	<2,000,000	N/A
U.S. standards[(5)]	≥3.2%	≥3.5%	<100,000	<750,000
European standards[(6)]	N/A	N/A	<100,000	<400,000
Japan standards[(7)]	≥3.2%	≥3.8%	N/A	N/A

Notes:

(1) As of 2021, provided by the Group.

(2) As set forth in the PRC National High-quality Milk Project in 2017.

(3) Representing the average data in 2021 of 230 large-scale dairy farms with over 1,000 heads of dairy cows selected by the PRC National Dairy Cow Industry and Technology System (中國國家奶牛產業技術體系) for demonstration purposes. This is representative of large-scale dairy farms in China having comparable size and dairy farming practices to our dairy farms. The PRC National Dairy Cow Industry and Technology System is a joint initiative led by the Ministry of Agriculture and Rural Affairs and the Ministry of Finance of the PRC, which aims to promote technology innovations and propel the development of China's dairy farming operations through research and development and demonstration in the fields of dairy breeding, feed and disease control, among other things.

(4) As set forth in the National Food Safety Standard – Raw Milk published in 2010.

(5) As set forth in the "A" Pasteurized Milk Ordinance issued by the U.S. Department of Health and Human Services in 2011.

(6) As set forth in the Raw Milk Quality Standards in Council Directive 92/46/EEC adopted by the EU.

(7) As set forth in Standard Table of Food Composition issued by the Ministry of Education, Culture, Sports, Science and Technology in 2015. Data of Japan is the standard of Holstein raw milk, in which the fat content refers to the fatty acid, triacyl-glycerol equivalents.

Source: National Bureau of Statistics, Ministry of Agriculture and Rural Affairs of China, U.S. Department of Health and Human Services, Council of European Union, Ministry of Education, Culture, Sports, Science and Technology, Frost & Sullivan

Raw Milk Price

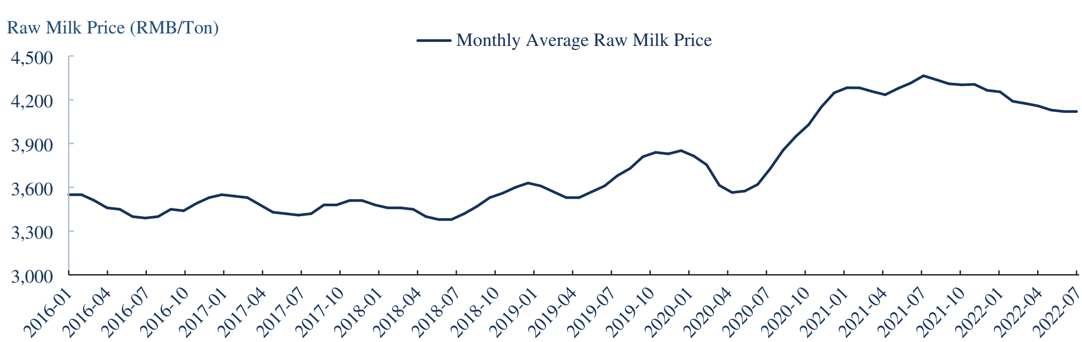
The raw milk price in China is primarily determined by the dynamics of market supply and demand. Raw milk price is influenced by a number of factors, including the quality of raw milk, market average price and cost of feed.

Since 2016 to the first half of 2018, China's raw milk price remained at relatively low levels and fluctuated within a range from RMB3,390 per ton to RMB3,558 per ton. The sluggish raw milk price had weeded out small-scale and less competitive dairy farms. Accordingly, raw milk production volume decreased from 30.6 million tons in 2016 to 30.4 million tons in 2017.

Raw milk price in China has predominately maintained an upward momentum in recent years, with the monthly average raw milk price rising from RMB3,550 per ton in January 2016 to RMB4,306 per ton in December 2021. This trending upward momentum is due to (i) refined operations of leading dairy participants, (ii) increasing feed price, (iii) growing labour cost, (iv) supply shortage of raw milk and (v) strong raw milk demands. During 2021, the raw milk price has remained relatively steady at high levels and achieved over RMB4,000 per ton. In the next one to two years, the average raw milk price is estimated to slightly increase or remain stable, mainly because of the increasing feed price and rising demand for high-end dairy products. The annual average raw milk price was RMB3,653 per ton, RMB3,793 per ton and RMB4,293 per ton in 2019, 2020 and 2021, representing a CAGR of 8.4%.

Set forth below is a chart indicating the monthly raw milk price in China from January 2016 to August 2022.

Monthly Raw Milk Price (China), January 2016-August 2022



Source: Ministry of Agriculture and Rural Affairs of the PRC

Annually Raw Milk Price (China), 2016-2021, January-August 2022

Year	2016	2017	2018	2019	2020	2021	Jan-Aug 2022
Raw Milk Price (RMB/ton)	3,471	3,480	3,462	3,653	3,793	4,293	4,177

Source: Ministry of Agriculture and Rural Affairs of the PRC

Dairy Farming

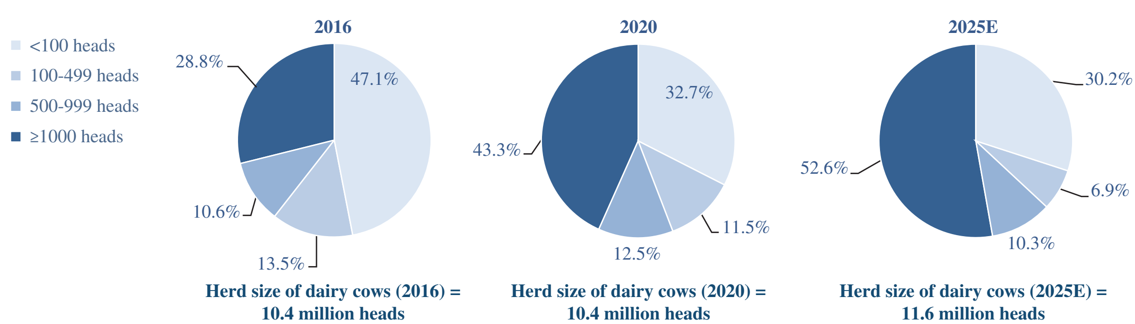
Scaled dairy farms (規模化牧場) refer to farms with not less than 100 heads of dairy cows. These scaled farms generally have higher milk yield and higher quality raw milk than small scale dairy farms. In general, large-scale dairy farms (大規模牧場) with more than 1,000 heads of dairy cows refer to dairy farms that require greater capital investment, advanced technologies, experienced management teams and standardised management procedures and farming methods. Large-scale dairy farms are generally more efficient, environment-friendly and in line with the national policy of sustainable development. These large-scale farms are also more resilient during industry downturns.

During the past five years the total number of dairy cows in China remained relatively stable. Due to the strong growth of raw milk demand, development of scaled dairy farms and favourable supporting polices, the total number of dairy cows is expected to steadily grow at a CAGR of 2.2% from 2020 to reach approximately 11.6 million in 2025.

In terms of the number of dairy cows, the proportion of large-scale dairy farms grew rapidly in China. Dairy cows in large-scale dairy farms with dairy cows more than 1,000 have gained a leap in share from 28.8% in 2016 to 43.3% in 2020, and is expected to gain a dominant market position of 52.6% in 2025.

Set forth below is a chart indicating the number of dairy cows by the scale of dairy farms in China for the periods indicated.

Dairy Cow Numbers by the Scale of Dairy Farms (China), 2016 vs. 2020 vs. 2025E



Source: National Bureau of Statistics, Ministry of Agriculture and Rural Affairs of the PRC, Frost & Sullivan

Health of Dairy Cows

The care of dairy cows is an important part of successful dairy farming. Inflammatory conditions (e.g. postpartum metritis and mastitis) frequently affect dairy cows. In particular, morbidity of mastitis is a significant measure of the quality of dairy cows and dairy farms.

In 2021, the death rate of our dairy cows and morbidity due to mastitis of our milking cows was generally lower than the average levels of selected scaled dairy farms.

Set forth below is a table indicating the quality comparison of dairy cows in China in 2021.

Quality Comparison of Dairy Cows, 2021

Major Companies	Death Rate of Dairy Cows 60 days after delivery (%)[3]	Death Rate of Dairy Cows 30 days after delivery (%)[3]	Death Rate of Dairy Cows (%)[4]	Morbidity of Mastitis (乳房炎) of Milking Cows (%)[5]
The Group[1]	**6.2%**	**4.3%**	**5.0%**	**5.3%**
Average of selected scaled dairy farms[2]	7.2%	5.2%	6.2%	18.2%

Notes:

(1) As of 2021, provided by the Group.

(2) Representing the average data in 2021 of selected scaled dairy farms (規模化牧場) with dairy cows no less than 100 by the Chinese Academy of Agricultural Sciences.

(3) Death rate of dairy cows 60/30 days after delivery is equal to the proportion of number of dairy cows died within 60/30 days after delivery occupying total number of dairy cows after delivery.

(4) Death rate of dairy cows is equal to the proportion of number of death dairy cows occupying total number of dairy cows annually.

(5) Morbidity of mastitis of milking cows is equal to the proportion of milking cows with mastitis occupying total number of milking cows annually.

Source: Chinese Academy of Agricultural Sciences, Frost & Sullivan

Key Growth Drivers of the Raw Milk Supply Industry in China

- *Growing demand in the downstream dairy product market.* Due to Chinese consumers' increasing demand for safe and diverse dairy products, dairy product manufacturers have strong motivation to strengthen quality control measures. These dairy product manufacturers source high-quality raw milk from large-scale dairy farms that can provide a stable and reliable supply of high-quality raw milk. The growing demand in China's downstream dairy product market also represents a significant market potential for industry participants in the upstream dairy value chain, especially leading large-scale dairy farms.

- *Increasing number of large-scale farms and industry concentration rate.* China's dairy farming industry has been undergoing transformation by eliminating separated small-scale dairy farms and integrating medium- and large-scale dairy farms. The exit of small-scale dairy farms and the prevalence of large-scale dairy farms has further driven economies of scale of the entire dairy farming industry, resulting in a higher industry concentration rate and milk yield.

- *Advanced dairy farm management and improved operational efficiency.* Increased adoption of modern management procedures and cutting-edge technologies have enabled dairy farms in China to streamline and optimise their business operations. This has resulted in improved operational efficiency, lower costs, enhanced milk quality and increased annualised average milk yield per milkable cow.

- *Favourable government policies.* As our operating subsidiaries are incorporated in the PRC and our dairy and beef cattle farming operations are conducted in the PRC, we are subject to PRC laws and regulations. Accordingly, we also benefit from the favourable PRC government policies in relation to the dairy and beef cattle industries. The Chinese government encourages large-scale dairy farms and scaled dairy farms to closely control the hygiene and nutrition of their dairy cows and to improve the quality of raw milk. Specifically, the State Council of the PRC promulgated the "Opinions on promoting the Revitalisation of Dairy Industry and ensuring the Quality and Safety of Dairy products" (關於推進奶業振興保障乳品質量安全的意見), which calls for large-scale dairy farming operations and self-sufficiency of milk supply of more than 70%. Moreover, in the end of 2020, the State Administration for Market Regulation announced the "Action Plan for Improving Quality and Safety of Dairy Products" (乳製品質量安全提升行動方案), which regulated the safety control requirement on the raw materials of dairy products. These favourable policies have provided support for the development of China's dairy farming industry for the long-term.

Key Market Trends of the Raw Milk Supply Industry in China

- *Large-scale dairy farms as an emerging trend.* Advanced technologies and standardised management procedures have enabled large-scale dairy farms with more than 1,000 dairy cows to produce large quantities of safe and high-quality raw milk. The PRC government has also introduced favourable regulations and policies, such as the "Plans for Rectifying and Promoting the Dairy Industry" (奶業整頓和振興規劃綱要), to encourage the development of large-scale dairy farms. It is expected that large-scale dairy farms will continue to lead the trends of the raw milk supply industry. Given the highly fragmented nature in the dairy farming industry, industrial consolidation is expected to continue. This represents significant market potential for industry participants, especially leading large-scale dairy farms, in both the upstream and midstream dairy value chain.

- *Higher milk yield and quality.* Dairy companies are expected to become more cautious when choosing raw milk suppliers due to consumers' concerns about the safety and quality of dairy products. Dairy farm operators which have limited capacity and produce low-quality raw milk are expected to be eliminated gradually. Moreover, the increasing proportion of scaled dairy farms is expected to result in the improvement of milk yield and quality.

- *Intelligent dairy farm management.* Scaled business operation makes it possible for large-scale dairy farms in China to achieve intelligent management of their dairy farms in a cost-effective manner, resulting in improved milk yield and quality. Intelligent management enables industry participants in the dairy value chain, including dairy farms, to obtain more comprehensive data and technology support. This is expected to improve dairy farms' operational efficiency in various aspects.

Competitive Landscape of the Raw Milk Supply Industry in China

The raw milk supply market in China is highly fragmented. The top five players in China accounted for aggregate market share of 15.0% in terms of the production of raw milk in 2021. We were the 5th largest dairy farm operator in terms of raw milk production in 2021.

Set forth below are the top five dairy farm operators in terms of production of raw milk in China in 2021.

Top Five Dairy Farm Operators in Terms of Production of Raw Milk (China), 2021

Ranking	Dairy Farming Companies	Production of Raw Milk (Thousand Tons)	Market Share (%)
1	Youran Dairy	1,989.7	5.4%
2	China Modern Dairy	1,610.0	4.4%
3	Company C	658.0	1.8%
4	Company E	640.0	1.7%
5	**The Group**	**638.8**	**1.7%**
	Top five	**5,536.5**	**15.0%**
	Total	**36,830.0**	**100.0%**

Notes:

(1) The Group's data is provided by the Group.

(2) Company C is a subsidiary owned by a domestic private dairy products company, founded in 2009 and headquartered in Shenyang, and principally provides raw milk and liquid milk products. The registered capital of Company C is RMB1.5 billion.

(3) Company E is a domestic subsidiary owned by a private dairy products company, founded in 2013 and headquartered in Shijiazhuang, Hebei Province, and mainly provides raw milk product. The registered capital of Company E is RMB2.1 billion.

Source: Frost & Sullivan

The top five players in China accounted for aggregate market share of 14.1% in terms of the sales volume of raw milk in 2021. We were the 3rd largest dairy farm operator in terms of the sales volume of raw milk in 2021, with a market share of 1.6%.

Set forth below are the top five dairy farm operators in terms of the sales volume of raw milk in 2021.

Top Five Dairy Farm Operators in Terms of the Sales Volume of Raw Milk (China), 2021

Ranking	Dairy Farming Companies	Sales Volume of Raw Milk (Thousand Tons)	Market Share (%)
1	Youran Dairy	1,947.2	5.3%
2	China Modern Dairy	1,586.9	4.3%
3	**The Group**	**589.8**	**1.6%**
4	China Shengmu	584.8	1.6%
5	Company F	496.8	1.3%
	Top five	**5,205.5**	**14.1%**
	Total	**36,830.0**	**100.0%**

Notes:

(1) The Group's data is provided by the Group.

(2) Company F is a domestic subsidiary owned by a state-owned group, founded in 2001 and headquartered in Beijing, and principally provides raw milk and breeding products. The registered capital of Company F is RMB1.7 billion.

Source: Frost & Sullivan

The top five players in China accounted for aggregate market share of 15.5% in terms of the sales value of raw milk in 2021. We were the 4th largest dairy farm operator in terms of the sales value of raw milk in 2021, with a market share of 1.8%.

Set forth below are the top five dairy farm operators in terms of the sales value of raw milk in 2021.

Top Five Dairy Farm Operators in Terms of the Sales Value of Raw Milk (China), 2021

Ranking	Dairy Farming Companies	Sales Value of Raw Milk (RMB Million)	Market Share (%)
1	Youran Dairy	9,537.8	6.0%
2	China Modern Dairy	7,005.0	4.4%
3	China Shengmu	2,984.6	1.9%
4	**The Group**	**2,824.2**	**1.8%**
5	Company F	2,220.9	1.4%
	Top five	**24,572.5**	**15.5%**
	Total	**158,120.4**	**100.0%**

Notes:

(1) The Group's data is provided by the Group.

(2) Company F is a domestic subsidiary owned by a state-owned group, founded in 2001 and headquartered in Beijing, and principally provides raw milk and breeding products. The registered capital of Company F is RMB1.7 billion.

Source: Frost & Sullivan

In China, most of the leading dairy farm operators have their controlling shareholders among their five largest customers.

Large-scale dairy farms generally have higher milk yield due to their significant operational efficiency. According to Frost & Sullivan, we have been ranked No.1 in terms of the average milk yield per milkable cow for 7 consecutive years in China, from 2015 to 2021. We achieved a higher average milk yield per milkable cow of 12.7 tons per annum in 2021, compared with the industry average of 8.7 tons per annum and average for top five dairy farm operators of 11.5 tons per annum in terms of annualised average milk yield per milkable cow.

Set forth below are the top five dairy farm operators in terms of annualised average milk yield per milkable cow in China from 2015 to 2021.

Top Five Dairy Farm Operators in Terms of Average Milk Yield per Milkable Cow (China), 2015-2021

Ranking	Dairy Farming Companies	Average Milk Yield per Milkable Cow in 2021 (Tons per annum)
1	**The Group**	**12.7**
2	Company E	11.5
3	Company F	11.5
4	China Modern Dairy	11.3
5	Youran Dairy	10.9
5	YuanShengTai Dairy Farm	10.9

Dairy Farming Companies	Average Milk Yield per Milkable Cow (Tons per annum)						Ranking					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
The Group	**11.6**	**11.8**	**12.2**	**12.5**	**12.6**	**12.8**	**1**	**1**	**1**	**1**	**1**	**1**
Company H	9.7	9.8	10.4	11.7	10.5	11.6	4	4	3	2	6	3
Company I	N/A	N/A	N/A	11.0	11.6	12.0	N/A	N/A	N/A	3	2	2
Company E	N/A	N/A	N/A	11.0	11.0	11.0	N/A	N/A	N/A	3	3	6
Company G	10.1	10.1	9.9	10.5	10.8	11.0	3	3	4	5	4	6
Company F	N/A	N/A	N/A	10.0	10.4	11.2	N/A	N/A	N/A	7	8	4
Company B	8.1	9.5	9.9	10.1	10.6	11.1	5	5	4	6	5	5
Company L	10.7	10.8	10.9	N/A	N/A	N/A	2	2	2	N/A	N/A	N/A

Notes:

(1) The Group's data is provided by the Group.

(2) Company E is a domestic subsidiary owned by a private dairy products company, founded in 2013 and headquartered in Shijiazhuang, Hebei Province, and mainly provides raw milk product. The registered capital of Company E is RMB2.1 billion.

(3) Company F is a domestic subsidiary owned by a state-owned group, founded in 2001 and headquartered in Beijing, and principally provides raw milk and breeding products. The registered capital of Company F is RMB1.7 billion.

(4) Company G is an A-share listed domestic company, founded in 1996 and headquartered in Shanghai. It is one of the major regional dairy companies in China and has many series of dairy products. The registered capital of Company G is RMB1.4 billion, and the revenue of Company G in 2021 was RMB29.2 billion.

(5) Company H is a private domestic company, founded in 2003 and headquartered in Beijing. It is principally engaged in the operation of dairy farms, import trading of livestock, raw milk production and import of dairy cows.

(6) Company I is a domestic subsidiary owned by a Hong Kong listed company, founded in 2012 and headquartered in Inner Mongolia. It principally provides raw milk. The registered capital of Company I is RMB1.5 billion.

(7) Company L is a private domestic company, founded in 2007 and headquartered in Tianjin. It mainly provides raw milk. The registered capital of Company L is RMB0.4 billion.

Source: Frost & Sullivan

In 2019, 2020 and 2021, the Group had six, seven and five dairy farms ranked among the top ten large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow.

Set forth below is a table indicating individual dairy farms with over 10,000 heads of dairy cows in terms of average milk yield per milkable cow in China from 2019 to 2021.

Individual Dairy Farm with over 10,000 heads of dairy cows in terms of Average Milk Yield per Milkable Cow (China), 2019-2021

Ranking	Individual Dairy Farm with over 10,000 heads of dairy cows in terms of Average Milk Yield per Milkable Cow		
	2019	2020	2021
1	○	○	Company E
2	○	○	Youran Dairy
3	Company N[(2)]	○	Youran Dairy
4	△	△	○
5	△	Company H	○
6	△	△	○
7	Company H	△	△
8	China Modern Dairy	Company H	Youran Dairy
9	□	□	China Modern Dairy
10	Company O[(3)]	Company O	△

○ Dairy farm belonged to the Group with average milk yield ≥ 13 ton/year[(1)]

△ Dairy farm belonged to the Group with average milk yield ≥ 12 ton/year[(1)]

□ Dairy farm belonged to the Group with average milk yield ≥ 11 ton/year[(1)]

Notes:

(1) The Group's data is provided by the Group.

(2) Company N is a subsidiary owned by a domestic private dairy products company, founded in 2016 and headquartered in Hangzhou, Zhejiang Province, and mainly provides liquid milk and dry dairy products. The registered capital of Company N is RMB364 million.

(3) Company O is a subsidiary owned by a domestic private dairy products company, founded in 2015 and headquartered in Chongqing, and mainly provides liquid milk and dry dairy products. The registered capital of Company O is RMB195 million.

Source: Frost & Sullivan

Feed Ingredient Price

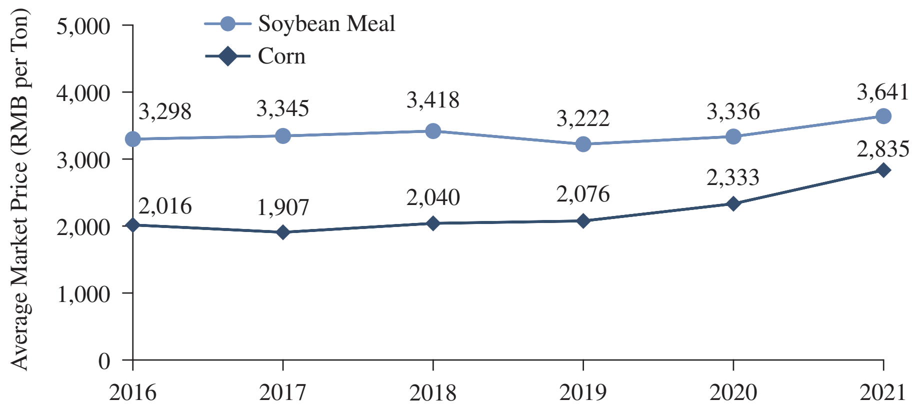
Concentrated feed for dairy cows primarily consists of corn, soybean meal and alfalfa. The price of concentrated feed may be affected by various external factors, including (i) climate and environmental conditions (e.g. pest plague), (ii) commodity market prices and (iii) government policies.

- *Corn.* The average market price of corn declined from RMB2,016 per ton in 2016 to RMB1,907 per ton in 2017. Thereafter, the average market price recovered gradually and reached RMB2,835 per ton in 2021, representing a CAGR of 7.1% from 2016 to 2021. In the future, the average market price of corn will slightly increase or remain stable, partly because of the strong downstream demand.

- *Soybean meal.* The average market price of soybean meal remained relatively steady at RMB3,298 per ton in 2016 and RMB3,641 per ton in 2021, representing a CAGR of 2.0%. In the future, the average market price of soybean meal will slightly increase or remain stable, partly because of the strong downstream demand.

Set forth below is a chart indicating the average market price of corn and soybean meal in China from 2016 to 2021.

Average Market Price of Corn and Soybean Meal (China), 2016-2021

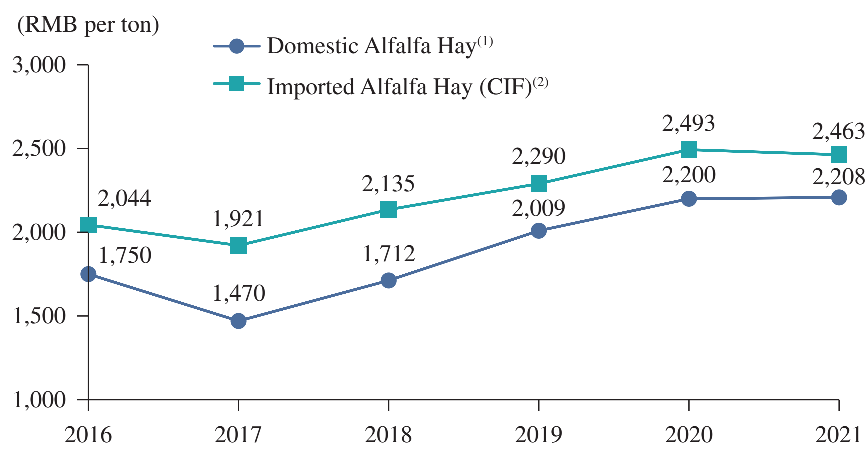


Source: Ministry of Agriculture and Rural Affairs of the PRC

- *Alfalfa.* In accordance with the classification standards of alfalfa hay quality in China, most of the alfalfa imported into China is of "premium" or "primary" grades, while most domestically grown alfalfa would be of "primary" or "secondary" grades. As a result, dairy farms usually need to pay higher prices for import alfalfa, which constitutes a significant component of the raw milk production costs for domestic dairy farms. In general, due to capital restrictions and storage conditions, it is difficult for domestic enterprises to achieve a steady supply of alfalfa hay throughout the year. The price of imported alfalfa hay and domestic alfalfa hay increased from RMB2,044 per ton and RMB1,750 per ton in 2016 to RMB2,463 and RMB2,208 in 2021. In July 2018, the Chinese government increased tariffs of goods originating in the United States, including raising tariffs on alfalfa hay from 7% to 32%. This led to higher prices for imported alfalfa hay and higher costs for the dairy farming industry. In September 2020, China's Tariff Commission of the State Council announced that it would exempt the additional tariffs on imported alfalfa hay and refund the previous additional tariffs of 25%. In 2021, the volume and value of imported alfalfa hay both increased dramatically, partly because of the lack of domestic supply and strong downstream demand. In the future, tariffs on imported alfalfa hay are expected to remain stable, leading to a steady growth in the import volume of alfalfa hay and a cost saving to China's dairy farming industry. In addition, further improvement in the quality of domestic alfalfa hay is expected to narrow the gap between imported alfalfa and domestic alfalfa.

Set forth below is a chart indicating the price of domestic alfalfa hay and imported alfalfa hay in China from 2016 to 2021.

Price of Domestic Alfalfa Hay and Imported Alfalfa Hay (China), 2016-2021



Notes:

(1) Domestic alfalfa hay price refers to the exit factory price excluding transportation expense.

(2) Imported alfalfa hay price refer to Cost, Insurance and Freight (CIF) price of imported alfalfa hay.

Source: China Customs, Frost & Sullivan

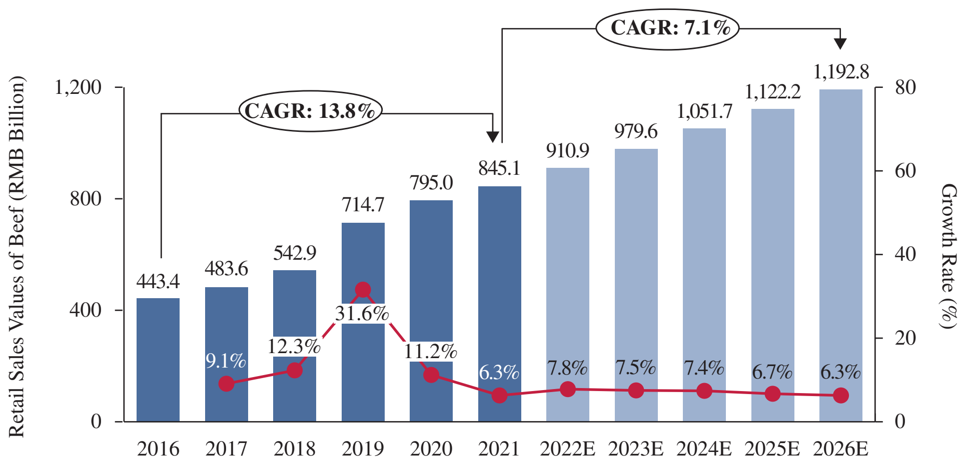
THE BEEF CATTLE INDUSTRY IN CHINA

Overview

With the rapid development of the economy and the increase of per capita disposable income, Chinese consumers' willingness to pay for healthy protein is increasingly expanding the retail sales value of beef products. Chinese consumers' improved health consciousness and consumption upgrades have boosted the downstream market demand for high-protein low fat meats. The consumption and unit price of beef has maintained significant growth. As a result, the retail sales value of beef in China experienced a strong growth from RMB443.4 billion in 2016 to RMB845.1 billion in 2021, representing a CAGR of 13.8%, and is expected to further grow at a CAGR of 7.1% to RMB1,192.8 billion in 2026.

Set forth below is a chart indicating the retail sales value of beef in China for the periods indicated.

Retail Sales Value of Beef (China), 2016-2026E

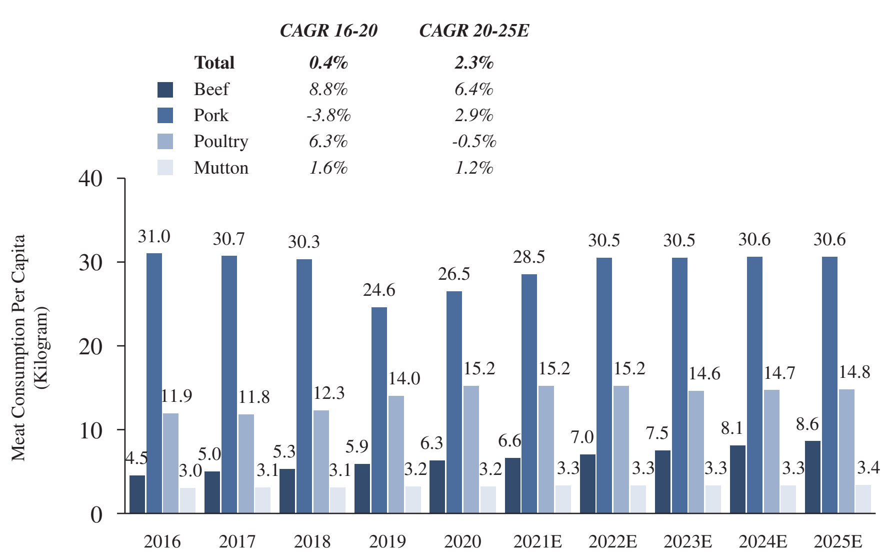


Source: National Bureau of Statistics, Ministry of Agriculture and Rural Affairs of the PRC, General Administration of Customs, Frost & Sullivan

Meat consumption in China is expected to rise as disposable income increases. According to the Organisation for Economic Co-operation Development and the Food and Agriculture Organisation (OECD-FAO), the major categories of meat consumption in China refers to beef and veal (beef), pig meat (pork), poultry meat (poultry) and sheep meat (mutton). The beef market has grown the fastest among all other meats and its contribution to meat consumption is expected to grow from 12.3% in 2020 to 15.0% in 2025.

Set forth below is a chart indicating the meat consumption per capita by major category in China for the periods indicated.

Meat Consumption Per Capita by Major Category (China), 2016-2025E

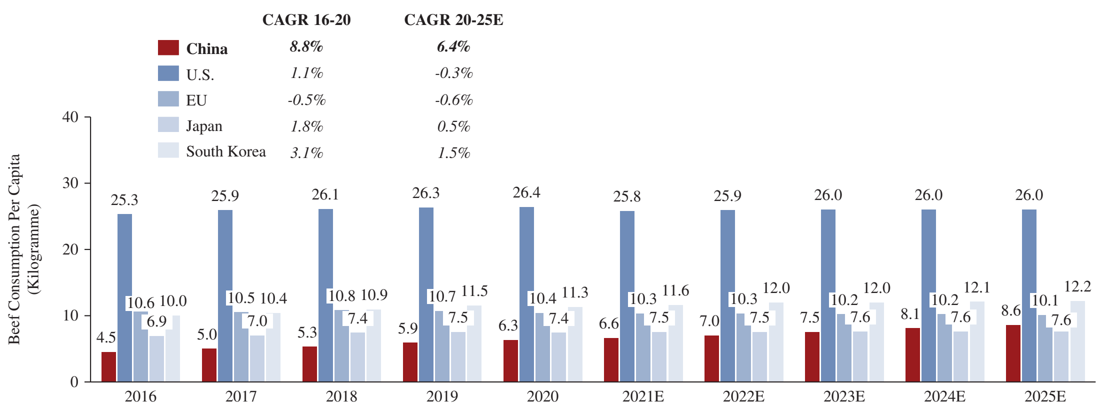


Source: National Bureau of Statistics, General Administration of Customs, OECD-FAO, Frost & Sullivan

Beef consumption per capita in China was 6.3 kilograms per annum in 2020, which was only 23.9% of that in the U.S., and was also much lower than that in certain Asian countries with similar diet habits, such as South Korea and Japan. In 2020, beef consumption per capita was 26.4, 11.3 and 7.4 kilograms per annum in the U.S., South Korea and Japan. The relatively low level of beef consumption in China highlights a huge potential for future growth. Driven by the growing demand for high quality animal protein, the per capita consumption of beef is expected to grow at a CAGR of 6.4% to 8.6 kilograms in 2025.

Set forth below is a chart indicating the beef consumption per capita for the countries indicated from 2016 to 2025.

Beef Consumption Per Capita (U.S., EU, Japan, South Korea, China), 2016-2025E



Source: National Bureau of Statistics, General Administration of Customs, OECD-FAO, USDA, Frost & Sullivan

Supply and Demand of Beef in China

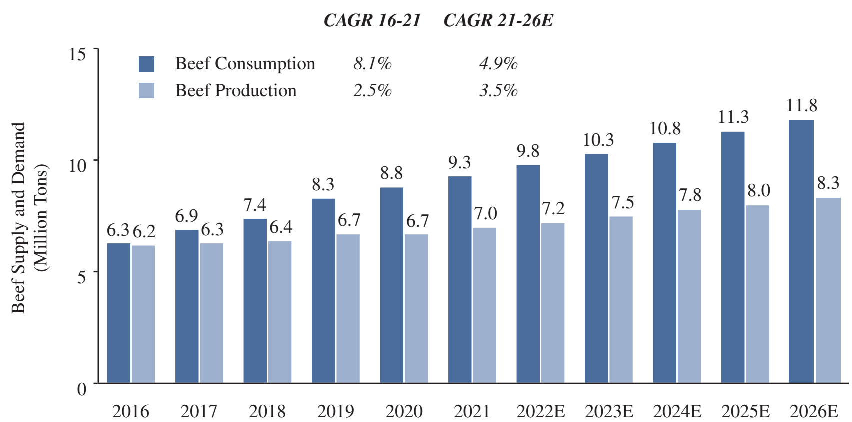
On the demand side, China's beef consumption has grown fast over the past few years, from 6.3 million tons in 2016 to 9.3 million tons in 2021, representing a CAGR of 8.1%. Due to the increasing demand for beef products from consumers, China's beef consumption is expected to increase from 9.3 million tons in 2021 to 11.8 million tons in 2026, representing a CAGR of 4.9%.

On the supply side, China's beef production has maintained a steady growth from 6.2 million tons in 2016 to 7.0 million tons in 2021, representing a CAGR of 2.5%. Beef production is expected to increase due to (i) favourable government policy, (ii) strong demand of downstream consumers and (iii) leading beef cattle farming companies' efforts to expand production scale. In 2026, China's beef production is expected to increase from 7.0 million tons to 8.3 million tons, representing a CAGR of 3.5%.

The demand for beef consumption in China has continued to outstrip beef production over the years. The shortfall in beef production has continued to grow larger and is expected to reach approximately 3.5 million tons in 2026.

Set forth below is a chart indicating the supply and demand of beef in China from 2016 to 2026.

Supply and Demand of Beef (China), 2016-2026E



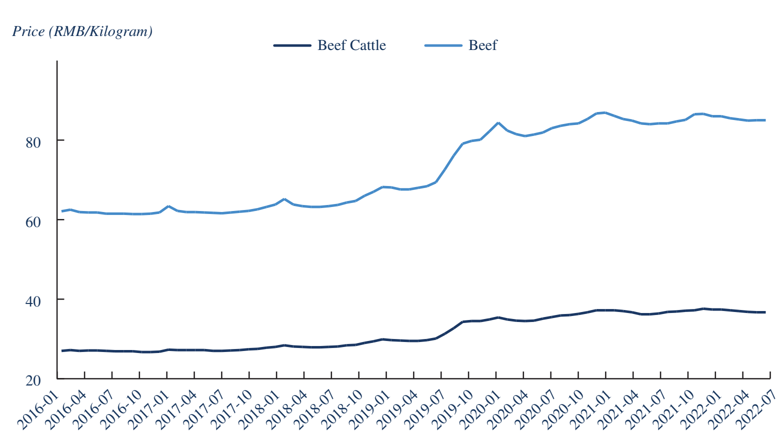
Source: National Bureau of Statistics, General Administration of Customs, Frost & Sullivan

Beef Cattle and Beef Price

The average price of beef cattle in China has mainly increased due to the rising demand for beef and the rising cost of local beef production. The average wholesale price of beef in China has also maintained an upward momentum in recent years, with the monthly average wholesale price rising from RMB62.1 per kilogramme in January 2016 to RMB86.5 per kilogramme in December 2021. Moreover, due to consumers' growing demand for healthy and high-quality protein such as beef, consumers' rising health awareness, as well as the rising cost of cattle feed and farming, the average wholesale prices of beef cattle and beef are also expected to increase.

Set forth below is the monthly average wholesale price of beef cattle and beef in China from January 2016 to August 2022.

Monthly Average Wholesale Price of Beef Cattle and Beef (China), January 2016-August 2022



Source: National Bureau of Statistics, Ministry of Agriculture and Rural Affairs of the PRC

Annually Average Wholesale Price of Beef Cattle and Beef (China), 2016-2021, January-August 2022

Year	2016	2017	2018	2019	2020	2021	Jan-Aug 2022
Beef Cattle Price (RMB/kg)	26.9	27.3	28.3	31.3	35.4	36.8	37.1
Beef Price (RMB/kg)	61.7	62.2	64.3	72.1	82.9	85.1	85.5

Source: National Bureau of Statistics, Ministry of Agriculture and Rural Affairs of the PRC

Key Growth Drivers of the Beef Cattle Industry in China

- *Increasing disposable income.* The growing disposable income per capita has had a positive effect on Chinese residents' purchasing power. This is expected to benefit the growth of beef consumption in China.

- *Increased per capita consumption of beef.* Demand for beef products is expected to continue to grow due to improvements in consumers' standard of living, increased demand for healthy lifestyle and dietary habits, as well as increased consumption of nutritious high-quality protein. In addition, leading industry participants have also become committed to developing various beef products (e.g. premium quality beef) with various flavours to meet the diverse preferences of different consumer groups. This is expected to further drive the consumption of beef and promote the growth of the beef product market.

- *Consumers' changing dietary habits drive the transformation of the beef product market.* Younger generations, especially Generation Z (born during 1995-2010), have gradually become the mainstream consumers of beef products. These consumers' dietary habits are different to those of the older and traditional consumers. For example, the younger generation consumers are more health conscious and have different requirements for health and food tastes. Beef is considered as a healthy, nutritious, and high-quality source of protein. Accordingly, beef, with its healthy characteristics, caters well to the younger generation consumers' preferences. Moreover, changes in Chinese consumers' preferences for beef over other meats such as pork, is also expected to further stimulate the growth of the beef market.

- *Emergence of more beef-orientated restaurants and brands.* There has been rapid growth of the catering industry, steak houses and hotpot restaurants (e.g. Chaoshan beef hotpot) in China. Restaurants are also increasingly advertising beef dishes as one of the main dishes. This environment is expected to further stimulate market growth.

- *Growth-oriented government policy.* The Ministry of Agriculture and Rural Affairs of the PRC issued livestock self-sufficiency goals, namely the "Five-year Action Plan to Promote the Development of Beef Cattle and Sheep Production" (推進肉牛肉羊生產發展五年行動方案) ("**Plan**"), in April 2021. According to the Plan, beef production and supply shall be increased through multiple channels; the number of basic female livestock shall be increased, and the production efficiency shall be upgraded with the combination of grass-livestock balance and focusing on the stabilisation of the quantity and improvement of the quality in pastoral areas. By 2025, the self-sufficiency rate of beef cattle and sheep shall be maintained at about 85%; the output of beef cattle and sheep shall be stabilised at around 6.8 million tons and 5 million tons respectively; and the proportion of large-scale beef cattle and sheep breeding shall reach 30% and 50%, respectively. In addition, on the basis of consolidating and upgrading traditional major production areas, the Plan seeks to explore potential areas for development, expand space for increased production and increase beef production and supply through multiple channels.

Key Market Trends of the Beef Cattle Industry in China

- *More diversified beef product categories.* An increasing number of high-quality and premium beef products (e.g. grass- and grain-fed beef, wild organic beef) have emerged to meet the differentiated needs of consumers. The quality of beef products is expected to improve with the development of R&D and in-depth education of enterprise marketing to consumers. As a result, it is expected that these diverse beef products will continue to gain popularity with consumers.

- *More scientific operations and management.* Beef cattle farming companies are adopting additional scientific operations and investing further resources in R&D and cutting-edge technologies. Intelligent management of a beef cattle farm is expected to provide more comprehensive data and technical support for the government and farming companies. Accordingly, beef cattle farming companies can use these management systems and available data to optimise their business operations.

- *Rising market concentration.* The beef cattle farming market in China is highly fragmented. In the coming years, large-scale beef cattle farming companies are expected to rapidly expand their market share with relatively low cost and advanced technologies.

- *Consumer demand for safe and high-quality products.* Chinese consumers increasingly select foods based on food safety and quality. As a result, beef cattle farming companies are using new technologies and applying efficient management methods in their farming operations to produce safer products.

Competitive Landscape of the Beef Cattle Industry in China

The beef cattle market in China is highly fragmented. The top fifteen market players accounted for only 0.76% of the market share in terms of number of beef cattle as of 31 December 2021. We were the eleventh largest beef cattle farming company in China in terms of the number of beef cattle, with a market share of 0.03%.

The main breeds of beef cattle in China can be divided into imported breeds and local breeds. The imported breeds mainly include Holstein, Simmental and Angus. In China, Holstein is bred as dual-purpose cattle, bred for both dairy cattle and beef cattle. In recent years, the meat production of Holstein beef cattle has improved significantly in various areas of China.

Set forth below is a table indicating the top fifteen beef cattle farming companies in terms of the number of beef cattle in China as of 31 December 2021.

Ranking and Market Share of Beef Cattle Farming Companies in Terms of Number of Beef Cattle, 2021

Ranking	Beef cattle farming companies	Number of beef cattle (thousand)	Market share (%)
1	Company a	100.0	0.13%
2	Company b	96.0	0.12%
3	Company c	45.0	0.06%
4	Company d	43.0	0.05%
5	Company e	40.0	0.05%
6	Company f	36.0	0.05%
6	Company g	36.0	0.05%
8	Company h	30.0	0.04%
9	Company i	29.0	0.04%
9	Company j	29.0	0.04%
11	**The Group**	**25.4**	**0.03%**
12	Company k	20.0	0.03%
12	Company l	20.0	0.03%
14	Company m	18.0	0.02%
14	Company n	18.0	0.02%
	Top 15	**585.4**	**0.76%**
	Total	**78,450.0**	**100.0%**

Notes:

1. The Group's data is provided by the Group.

2. Company a is a domestic private group, founded in 2009 and headquartered in Chongqing. It is principally engaged in beef cattle operations including fattening and slaughtering, and provides various beef products. The registered capital of Company a is RMB280.0 million.

3. Company b is a domestic private company, founded in 2012 and headquartered in Urumqi, Xinjiang. It is principally engaged in beef cattle operations including fattening and slaughtering, and provides various beef products. The registered capital of Company b is RMB723.0 million.

4. Company c is a domestic private company, founded in 2013 and headquartered in Bole, Xinjiang. It is principally engaged in beef cattle operations including breeding, fattening, and slaughtering, and provides various beef products. The registered capital of Company c is RMB214.0 million.

5. Company d is a domestic private company, founded in 2019 and headquartered in Kunming, Yunnan. It is principally engaged in livestock and poultry operations. The registered capital of Company d is RMB771.0 million.

6. Company e is a domestic private company, founded in 2007 and headquartered in Xilingol League, Inner Mongolia. It is principally engaged in beef cattle farming and fattening. The registered capital of Company e is RMB80.0 million.

7. Company f is a domestic private company, founded in 2004 and headquartered in Shijiazhuang, Hebei. It is principally engaged in beef cattle operations including breeding, fattening, and slaughtering, and provides various beef products. The registered capital of Company f is RMB100.0 million.

8. Company g is a domestic private company, founded in 2018 and headquartered in Kashi, Xinjiang. It is principally engaged in beef cattle operations including fattening and slaughtering, and provides various beef products. The registered capital of Company g is RMB703.0 million.

9. Company h is a domestic private company, founded in 2009 and headquartered in Qiqihar, Heilongjiang. It is principally engaged in beef cattle operations including breeding, fattening and slaughtering, and provides various beef products. The registered capital of Company h is RMB157.0 million.

10. Company i is a domestic private company, founded in 2016 and headquartered in Xing'an League, Inner Mongolia. It is principally engaged in beef cattle operations including fattening and slaughtering, and provides various beef products. The registered capital of Company i is RMB190.0 million.

11. Company j is a domestic private company, founded in 2016 and headquartered in Yili, Xinjiang. It is principally engaged in beef cattle farming business. The registered capital of Company j is RMB220.0 million.

12. Company k is a domestic private company, founded in 2016 and headquartered in Tianjin. It is principally engaged in grass planting and beef cattle farming. The registered capital of Company k is RMB5.0 million.

13. Company l is a domestic private company, founded in 1998 and headquartered in Jilin, Changchun. It is principally engaged in beef cattle operations including fattening and slaughtering, and provides various beef products. The registered capital of Company l is RMB100.0 million.

14. Company m is a domestic subsidiary owned by an A-share listed company, founded in 1994 and headquartered in Beijing. It is principally engaged in beef cattle operations including beef cattle farming, fattening, slaughtering, and provides various beef products. The registered capital of Company m is RMB850.0 million.

15. Company n is a domestic private company, founded in 2010 and headquartered in Horqin, Inner Mongolia. It is principally engaged in beef cattle operations including fattening and slaughtering, and provides various beef products. The registered capital of Company n is RMB598.0 million.

Entry Barriers of Dairy Farming Industry and Beef Cattle Farming Industry

- ***Capital investment.*** Both dairy farming industry and beef cattle farming industry are highly capital-intensive, which require significant investment in the initial stages for establishing self-operated dairy farms and beef cattle feedlots, acquiring high-quality dairy cows and beef cattle, building up infrastructure and management system, recruiting professional employees and expanding distribution channels. Furthermore, both industries also require continuous investment on health monitoring and control of dairy cows and beef cattle, including high feeding costs.

- ***Quality control of raw milk/beef.*** The PRC government has released a series of quality standards to measure the quality of raw milk, such as fat content, protein content, aerobic plate count, and somatic cell count. Compared to small dairy farms with less than 100 heads of dairy cows, large-scale dairy farms can provide better environment and high-quality forage for dairy cows. Leading dairy farming companies with many large-scale dairy farms are continuously improving the quality of raw milk, with strong technology capability as well as fund support, which in the meanwhile sets a high entry barrier for new entrants.

- ***Talent barrier.*** Large-scale cattle farming requires a large number of experienced technical personnel and management personnel who have the expertise in cattle feeding and disease prevention and control. Cultivating technical personnel and accumulating experience takes time, which also sets an entry barrier for new entrants.

- ***Management capability.*** Experienced management is crucial to the dairy farming and beef cattle farming business as they help to ensure the high quality of dairy cows and beef cattle, maintain highly efficient production and operation process, make proper strategic decisions on future development and expansion of business. Moreover, with consumers' changing demand for the flavour of dairy products and beef products, the management also need to be capable of innovation in order to upgrade and improve the quality of the products. It would be more difficult for new entrants with management of limited industry experience to meet these challenges.

- ***Stable downstream customers.*** Top dairy farming companies have established strong relationships with their customers, because they are mainly dependent on their largest shareholders who are also their largest downstream customers. For beef cattle farming industry, customers mainly include enterprise clients among chain catering brands/restaurants, supermarkets, e-commerce platforms. It is necessary to build a stable sales channel by maintaining a strong relationship with downstream customers and establishing a sustainable business operation in the long-run. Therefore, it is challenging for new entrants to win over a stable and reliable downstream customer with a good reputation and trust in the short term.

Market Challenges of Dairy Farming Industry and Beef Cattle Farming Industry

- ***Disease risk.*** Cattle farming has always faced the threat of diseases, including Foot-and-mouth Disease, Mad Cow Disease etc. Any major outbreaks of such animal diseases will impact consumer confidence, leading to shrinking sales of processed raw milk and beef products, which will have a more significant impact on the entire industry chain.

- ***Environmental protection.*** Animal husbandry has been regulated by various environmental laws and regulations which are constantly evolving in China. For example, an environmental impact assessment must be carried out before any new feedlot could be constructed, and upon completion of the construction, the competent environmental protection agency will inspect ecological facilities. Furthermore, the manure and wastewater generated from the procedures must be processed and disposed of in the appropriate ways during the operations of feedlots. Compliance with all applicable requirements require significant expenditure and substantial management attention.

- ***Import trade restrictions.*** Another challenge to the beef cattle industry is the risk of import trade restrictions. The outbreak of COVID-19 has had a massive impact on international trade. To prevent and control the epidemic, China has adjusted trade policies to restrict the import of goods for some countries. China's beef consumption is partly dependent on import beef from countries, including Brazil, Argentina, Uruguay, New Zealand and Australia. Thus, the uncertainty of the epidemic abroad will limit the import trade of beef.

OVERVIEW

We are one of the top five dairy farm operators in China, ranking third, fourth and fifth among all dairy farm operators in China in terms of sales volume, sales value and production volume of raw milk in 2021, with a market share of 1.6%, 1.8% and 1.7%, respectively, according to Frost & Sullivan. We provide premium raw milk to a well-diversified customer base of downstream dairy product manufacturers. We have a diverse customer base, ranging from leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), Junlebao (君樂寶), New Hope Dairy (新希望乳業), Jiabao (佳寶) and Classykiss (卡士)), to emerging dairy brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)), and we are not reliant on our Controlling Shareholders as our downstream customers. We are valued by our customers for our stable supply of high-quality and traceable raw milk in a large scale, which has enabled our customers to promote their various high-end milk product offerings catering to end customers. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we produced approximately 565,400 tons, 582,800 tons, 638,800 tons, 298,300 tons and 359,200 tons of raw milk.

We are the first dairy farm operator in China to design, build and operate large-scale and standardised dairy farms with over 10,000 heads of dairy cows, according to Frost & Sullivan. Leveraging the know-how and expertise gained from our parent Japfa Group's experience in Indonesia since 1997, we commenced our own dairy farming operations in China in 2009. As of the Latest Practicable Date, we owned and operated ten dairy farms in China, with an aggregate gross land area of approximately 14,657 mu. As of 30 June 2022, we had a total herd size of 111,424 heads of dairy cows, 57,383 of which were milkable cows.

We have achieved and consistently maintain high operational efficiency and product quality as evidenced by the average milk yield we achieved. According to Frost & Sullivan, we have been ranked No. 1 in China in terms of average milk yield per milkable cow, the key indicator of the productivity and efficiency of dairy farms, for seven consecutive years from 2015 to 2021. In 2021, our annualised average milk yield per milkable cow reached 12.7 tons/year, far exceeding the industry average of 8.7 tons/year and the average of the top five dairy farm operators in terms of annualised average milk yield per milkable cow in China of 11.5 tons/year. In terms of individual dairy farm ranking in 2019, 2020 and 2021, we had six, seven and five dairy farms, respectively, ranked among the top ten large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow, according to Frost & Sullivan. Our raw milk quality has continuously surpassed market standards based on various key quality indicators such as fat content, protein content, aerobic plate count and somatic cell count.

We have established an integrated and synergistic business model. Driven by the increasing demand for beef in China, we have developed our beef cattle business in China since 2018. We leverage the established standard operating procedures and experience from our dairy farming operations to build our beef cattle farming operations. We have further improved the productivity of our beef cattle and achieved cost efficiencies through economies of scale and optimisation of resources such as shared land and our team of technical experts. As of 30 June 2022, we owned and operated two large-scale beef cattle feedlots in China with 28,152 heads of beef cattle, 26,566 of which were Holstein beef cattle. According to Frost & Sullivan, we were the eleventh largest beef cattle farming company in China in terms of the number of beef cattle in 2021.

We are committed to building a sustainable business and minimising our operational impact on the environment. We have adopted a series of comprehensive and effective measures to identify, assess, manage and reduce the risk relating to ESG issues. Our farms are equipped with waste recycling and treatment facilities as well as technology to reduce greenhouse gas ("**GHG**") and air emissions. We focus on reducing the average GHG emission per ton of raw milk produced by improving our operational efficiency and milk yield. We also place significant importance on animal welfare, as we believe that happy cows and cattle produce more milk and meat of a higher quality.

We have experienced rapid growth over the Track Record Period. The increase in China's milk consumption and the emergence of new dairy brands in recent years has driven demand for premium dairy products and quality raw milk supply. In addition, the increased demand for beef in China has driven demand for our beef cattle. Our revenue from continuing operations increased from US$351.5 million in 2019 to US$521.9 million in 2021, representing a CAGR of 21.9%, and increased by 15.4% from US$241.2 million in the six months ended 30 June 2021 to US$278.3 million in the six months ended 30 June 2022. Our EBITDA from continuing operations, a non-IFRS measure, was US$104.4 million, US$130.4 million, US$149.9 million, US$99.2 million and US$57.8 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Our net profit from continuing operations was US$74.6 million, US$99.1 million, US$104.6 million, US$80.0 million and US$29.8 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Our adjusted net profit, a non-IFRS measure, was US$75.5 million, US$104.0 million, US$120.6 million, US$85.9 million and US$41.3 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. See "*Financial Information – Non-IFRS Financial Measure*s".

STRENGTHS

We believe that we have the following competitive strengths which enable us to take advantage of current and future growth opportunities.

Pioneer in the high-growth dairy sector driven by increasing demand and premiumisation

Leveraging the know-how and expertise gained from the Japfa Group's experience in Indonesia since 1997, we commenced our dairy farming operations in China in 2009. According to Frost & Sullivan, we were the first dairy farm operators in China to build and operate large-scale dairy farms with a standardised farm design. As of the Latest Practicable Date, we owned and operated ten dairy farms in China, with an aggregate gross land area of approximately 14,657 mu. As of 30 June 2022, we had 111,424 heads of dairy cows, 57,383 of which were milkable cows. According to Frost & Sullivan, we are the fifth largest dairy farm operator in China, with a market share of 1.7% in terms of raw milk production in 2021. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we produced approximately 565,400 tons, 582,800 tons, 638,800 tons, 298,300 tons and 359,200 tons of raw milk.

Driven by the rapid development of the economy and the increase of per capita disposable income, China's dairy sector has experienced steady growth in recent years. According to Frost & Sullivan, the total retail sales value of dairy products increased from RMB363.0 billion in 2016 to RMB557.4 billion in 2021, representing a CAGR of 9.0%, and is expected to further grow at a CAGR of 9.5% to RMB875.5 billion in 2026. With increasing consumer preference for high-end and diversified dairy products, the retail sales value of high-end liquid milk has grown from RMB87.8 billion in 2016 to RMB184.9 billion in 2021, and is expected to further grow at a CAGR of 16.2% to RMB391.3 billion in 2026, which represents a significantly higher growth rate compared to regular liquid milk.

Rapid growth and structural changes in the downstream dairy landscape have increased the demand for high-end raw milk in the upstream market. Leading national and regional dairy manufacturers are focusing more on new product development to meet consumers' growing demand for diversified high-end milk products. Also, emerging dairy brands have been gaining more market share due to their digital marketing efforts among younger generation consumers and by focusing on various high-end product offerings. These emerging brands have been growing at a CAGR of more than 50% in revenue of dairy products during the past three years. It is expected that the increase in the overall demand for mid-to-high-end dairy products will sustain a momentum of double-digit growth for many of these emerging dairy brands over the next five years, which in turn will drive demand growth for the upstream dairy farm operators who cooperate with these emerging dairy brands.

We focus on delivering premium raw milk to our well-diversified portfolio of customers. Without over-reliance on a single dominant customer, we have stronger pricing power as compared to other top market players, which better positions us to benefit from the growth of the dairy market and consumption upgrade in China. From 2019 to 2021, our average selling price was higher than the average raw milk price among comparable listed industry peers, achieving a high growth at a CAGR of 8.4%, according to Frost & Sullivan. We have established long term relationships with both leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), Junlebao (君樂寶), New Hope Dairy (新希望乳業), Jiabao (佳寶) and Classykiss (卡士)) and emerging dairy brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)). Our stable supply of high-quality and traceable raw milk has enabled these dairy brands to promote their various high-end milk product offerings catering to the end customers, which in return has boosted our revenue.

Deep expertise in large-scale farm operations and relentless pursuit of operational excellence

We are experts in operating large-scale dairy farms in China. The average number of dairy cows in our dairy farms was 9,762 as of 31 December 2021, the second highest among the top five dairy farm operators by herd size in China, according to Frost & Sullivan. We are able to benefit from economies of scale by spreading fixed costs over a larger herd size, being greater suppliers of milk, increasing human capital efficiency from the subdivision and specialisation of labour and management, and purchasing raw materials and services in volume at discounted rates.

We have set up standard operating procedures in each stage of the production process, including land sourcing, farm design and construction, animal welfare and farm management, which have contributed to our improved operational performance.

- ***High efficiency and productivity.*** By leveraging our modern and scientific practices and large-scale dairy farming expertise, we have continuously achieved higher efficiency compared to our peers. We have been ranked No. 1 in China in terms of average milk yield per milkable cow for seven consecutive years from 2015 to 2021, and in 2021 five of our dairy farms were ranked among the top ten large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow. In 2021, our annualised average milk yield per milkable cow reached 12.7 tons/year, far exceeding the industry average of 8.7 tons/year and the average for the top five dairy farm operators of 11.5 tons/year.

- ***Healthy cows and cattle.*** We create a comfortable living environment for our dairy cows and beef cattle. Dongying Shenzhou AustAsia Dairy Farm, one of our dairy farms in Dongying, Shandong, is the first and only dairy farm in China that has been recognised by the Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部) as having both zero bovine tuberculosis and zero brucellosis, establishing a benchmark for the industry. By adopting advanced breeding technologies and disease prevention practices, we achieved a low death rate for our milkable cows and mastitis morbidity of 5.0% and 5.3% in 2021, compared to the industry average of 6.2% and 18.2%.

- ***Consistent supply of high quality raw milk.*** We believe that happy cows produce better milk. With our advanced farm management and skilled employees, we are able to consistently supply high quality raw milk to customers. For example, the protein content and fat content of our raw milk were 3.3% and 3.8% in 2021, respectively, surpassing both PRC national, Japanese and U.S. standards. The aerobic plate count and somatic cell count of our milk are 5,081 CFU/ml and 141,239 CFU/ml in 2021, well below the maximum counts allowed under the PRC, U.S. and European standards.

Proven and synergistic business model with high growth prospects

We have established an integrated business model comprising of three business segments: raw milk business, beef cattle business and ancillary business. Leveraging our established standard operating procedures and expertise in farm management, we have extended the success of our raw milk business to our beef cattle business. We have achieved synergy between our raw milk business and beef cattle business. All of our beef cattle are from our dairy farms. Our raw milk business provides a stable and self-sustaining source of cattle with excellent genetic traits, health conditions and easy traceability, which further improved the productivity of our beef cattle. We have further achieved cost efficiencies through economies of scale and optimisation of resources such as shared land and our team of technical experts. As of the Latest Practicable Date, we owned and operated two large-scale beef cattle feedlots in China. We had a total herd size of 25,414 heads of beef cattle as of 31 December 2021. In 2021, we were the eleventh largest beef cattle farming company in China in terms of the number of beef cattle. Our beef cattle business revenue was US$50.5 million and US$25.0 million in 2021 and six months ended 30 June 2022, accounting for 9.7% and 9.0% of our total revenue, further diversifying our revenue sources.

Our business spans the key stages of the dairy farming value chain, including farm design and management, forage cultivation, in-house feed production, dairy cow breeding and raw milk production. Our success is attributed to the strengths of our integrated business model, including:

- breeding high quality dairy cows with excellent health condition;

- focusing on genetic improvement and biosecurity, with successful commercial application of genetic breeding technology;

- selection of strategic farm locations within optimal environmental parameters;

- extensive experience and track record in large-scale dairy farm operations;

- modern and scientific infrastructure and standardised farm management systems which are designed to maximise animal welfare, operational efficiency and milk quality;

- robust understanding and development of local forage supply with high standards on forage quality; and
- scientific development of feed formulation for optimal nutrition for cattle health and milk yield.

We believe that the replicability of our established business model will enable us to expand rapidly and to repeat our success as we continue to strategically build more large-scale dairy farms and beef cattle feedlots in selected regions in China.

Advanced breeding technology adopted to improve genetic traits and productivity

We started a genetic improvement programme since 2018. We were one of the pioneers in the commercial use of genetic breeding technology in China's dairy industry. We were among the first dairy farm operators in China to successfully implement in vitro fertilisation ("**IVF**") and embryo transfer ("**ET**") technology in our dairy farms, according to Frost & Sullivan. As compared to the common industry practice of relying on imported frozen bovine semen, the adoption of IVF technology can significantly shorten generation interval, effectively increase pregnancy rates, optimise genetic traits and reproductivity of dairy cows.

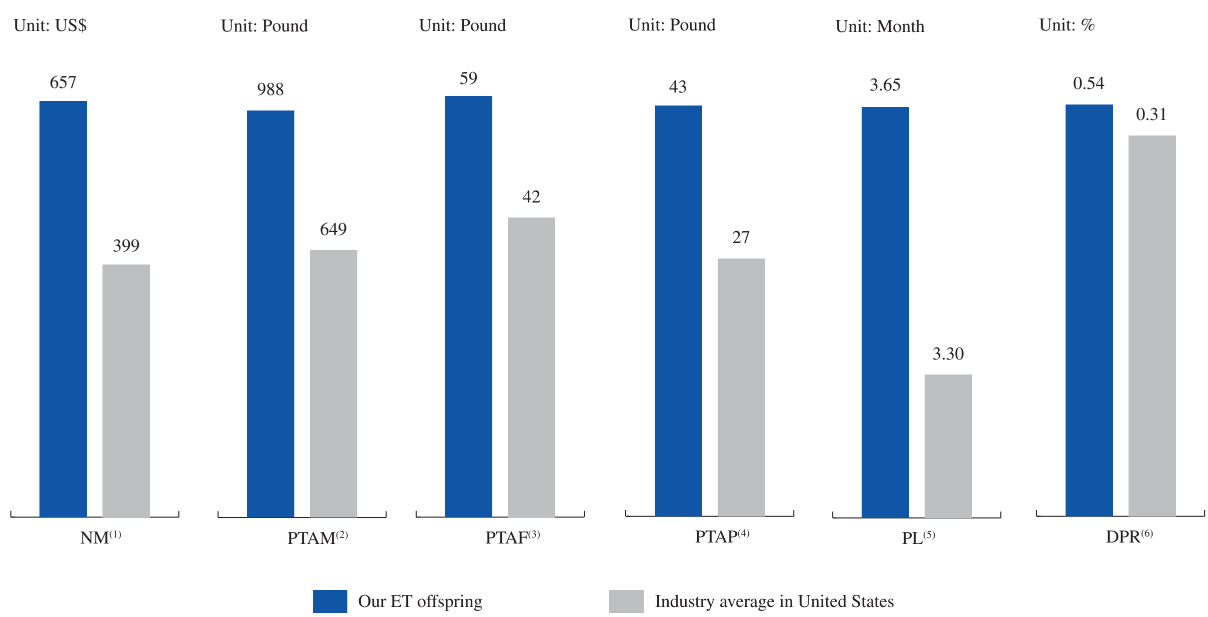
On each dairy farm, we have a team of around 15 specialised technicians who are dedicated to breeding cows. In addition, our headquarters has a team of technical experts focused on implementing ET technology and providing guidance on breeding. As of the Latest Practicable Date, we have adopted IVF and ET technology in eight dairy farms in Shandong and Inner Mongolia. As of the Latest Practicable Date, we have also transferred more than 12,950 IVF embryos and produced approximately 2,200 Holstein offspring(1).

Note:

(1) Not all the transferred IVF embryos can survive. The survival of IVF embryos depends on the health status of the recipient cows.

The breakthroughs in genetic technology enable us to increase productivity, lower disease and mortality rates, as well as lengthen the lifespans of the dairy cows and beef cattle, according to Frost & Sullivan. Significant improvements in genetic traits and productivity have been observed in our dairy cows. The key breeding indexes and indicators of our ET offspring surpassed the industry average of herds in the United States in 2020. According to Frost & Sullivan, the industry average data of herds in the United States is generally regarded as the highest benchmark. The following graph illustrates the main breeding indexes and indicators of our ET offspring as compared to the industry average in the United States in 2020:

Comparison of ET Heifers' Genomic Results between the Group and U.S. Industry Average, 2020



Source: The Council on Dairy Cattle Breeding (CDCB), Frost & Sullivan

Notes:

(1) Net Merit (or "**NM**") is a comprehensive breeding index, which reflects the additional net profit that may be generated by the offspring of animals in its lifetime. For instance, NM$657 indicates the cow can generate US$657 additional profit for the farm in its lifetime compared with the average level.

(2) Predicted Transmitting Ability for Milk Yield ("**PTAM**") represents the additional milk yield of the offspring for one parity compared with the average level of the breed. For instance, PTAM 988 means additional 988 pounds (approximately 448 kg) of the yield of the cow for a parity compared with the average level of the breed. The higher the PTAM, the higher the milk yield of the cow.

(3) Predicted Transmitting Ability for Milk Fat ("**PTAF**") represents the additional milk fat volume of the offspring for one parity compared with the average level of the breed. The higher the PTAF, the more the dry nutrient substance produced by the cow.

(4) Predicted Transmitting Ability for Protein ("**PTAP**") represents the additional milk protein volume for one parity compared with the average level of the breed.

(5) Production Life ("**PL**") represents the predicted transmitting ability of a cow in the herd birth month. In short, when PL increases by 1, the herd life of the cow extends 1 month. It suggests the cow gets sick less frequently and is healthier.

(6) Daughter Pregnant Rate ("**DPR**") represents the predicated transmission for the pregnant rate of dairy cows. When DPR increases by 1, it indicates the pregnant rate for 21 days of the cow may increase by 1% (i.e. to indicate that the fertility of the cow is better).

Strong and stable financial performance

Our revenue from continuing operations increased from US$351.5 million in 2019 to US$521.9 million in 2021, representing a CAGR of 21.9%, and increased by 15.4% from US$241.2 million in the six months ended 30 June 2021 to US$278.3 million in the six months ended 30 June 2022. Our net profit from continuing operations increased from US$74.6 million in 2019 to US$104.6 million in 2021, representing a CAGR of 18.4%. Our EBITDA from continuing operations, a non-IFRS measure, increased from US$104.4 million in 2019 to US$149.9 million in 2021, representing a CAGR of 19.8%. See "*Financial Information – Non-IFRS Financial Measures*". We also demonstrated stable financial performance during the downturn in raw milk prices in 2017 and 2018, in which years all of our operating dairy farms (except one) reported net profits.

We believe that our ability to deliver profitable growth on a sustainable basis is supported by the following factors:

- ***Diversified revenue mix***. By leveraging our integrated business model, we have been able to develop our beef cattle business as another source of revenue in addition to our raw milk business. Revenue from the beef cattle business increased from US$22.2 million in 2019 to US$50.5 million in 2021, representing a CAGR of 50.7%. In addition, we also sell our in-house branded dairy products under our own "澳亞牧場 AustAsia" brand, as part of our ancillary business. This diverse revenue mix allows us to respond on a timely basis to changes in the supply-demand dynamics and enhances the resilience of our operations.

- ***Well-diversified customer base with higher average selling price***. We serve both leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), Junlebao (君樂寶), New Hope Dairy (新希望乳業), Jiabao (佳寶) and Classykiss (卡士)), as well as rapidly-growing emerging dairy brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)). In 2021, our largest customer and top five customers in that year accounted for 27.4% and 65.7% of our total revenue from continuing operations, respectively, which are lower than the average of the other top five peers of 76.5% and 85.7%, according to Frost & Sullivan. This enables us to not only command stronger bargaining power but also generate a higher average selling price. According to Frost & Sullivan, our average selling price was higher than the average raw milk price of comparable listed industry peers, achieving a high growth at a CAGR of 8.4%. In 2019, 2020 and 2021, the average selling price of our raw milk product was RMB4,076/ton, RMB4,371/ton and RMB4,789/ton, which was 11.6%, 15.2% and 11.5% higher than industry average, according to Frost & Sullivan. In the six months ended 30 June 2021 and 2022, the average selling price of our raw milk product was RMB4,723/ton and RMB4,664/ton.

- ***Higher profitability***. Given our in-depth farm management experience, we have achieved and consistently maintain industry-leading operational efficiency and enjoyed higher profitability during the Track Record Period. Our gross profit margin was 34.6%, 37.1%, 33.7% and 24.5%, our net profit margin was 21.2%, 24.5%, 20.0% and 10.7%, while EBITDA margin, a non-IFRS measure, was 29.7%, 32.2%, 28.7% and 20.8% and adjusted net profit margin, a non-IFRS measure, was 21.5%, 25.7%, 23.1% and 14.8% in 2019, 2020, 2021 and the six months ended 30 June 2022.

Experienced management team with proven track record bolstered by strong shareholder support

Led by an experienced management team, we have successfully entered the dairy farming sector in China. Our CEO, Mr. Edgar Collins, has over 18 years of experience as an entrepreneur building vertically-integrated beef cattle and raw milk businesses and is one of the pioneers in the dairy farming sector. Our COO, Mr. Yang Ku, has been in the dairy farm industry for more than 30 years and has extensive work experience and track record in managing large-scale commercial dairy farms in China. The majority of our senior management team have over 16 years of experience in the dairy industry and have been working together as a team in our Company for more than 12 years. With deep insight into China's dairy industry, our management team is able to identify customer needs and quickly formulate business strategies to address customer needs and capture market opportunities, thereby promoting the development of China's dairy industry.

We continue to enjoy the shared resources and support of Japfa through a technical services agreement with its wholly-owned subsidiary ATS and through a supply agreement with its wholly-owned subsidiary Annona. Pursuant to a services agreement with ATS, ATS has been providing, and will continue to provide, us with certain financial solutions, debt financing solutions, debt risk solutions, legal solutions, human resource solutions, strategic solutions and digitalisation solutions on a cost-sharing basis. Annona is a global trading company which enjoys concessionary tax rates under the Global Trader Programme which is administered by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. Through such cooperation with ATS and Annona, we are able to access various types of expertise without having to bear the full cost of hiring such experts, and are able to procure raw materials on competitive terms as Annona can aggregate the Japfa Group's collective demand and negotiate in bulk. Such continued cooperation with the Japfa Group strengthens our competitive advantage in the dairy farming and beef cattle businesses. Our strategic investors, such as Meiji, Chi Forest, New Hope Dairy and Honest Dairy, are also our customers, serving as stable revenue sources supporting our long-term raw milk demand.

STRATEGIES

We focus on creating long-term value for our stakeholders in a responsible and sustainable way. To achieve our mission, we intend to pursue a comprehensive strategy focused on the following:

Further expand our dairy farms and diversify our customer base

Driven by government policies, consumers' increasing health and nutrition awareness in China, the demand for dairy products has been rapidly increasing, stimulating growth for dairy and raw milk suppliers. In addition to ongoing expansion of our existing farms, we plan to add significant new capacity in the near term. We have commenced the construction of Pure Source Farm 3 in April 2022 and we intend to commence the construction of Pure Source Farm 4 in April 2023. These farms are located in Shandong and will have capacity for 29,500 dairy cows in the aggregate. We are also in discussions with a third-party downstream milk producer and the local government to establish new farm facilities in Inner Mongolia. By building and developing new dairy farms, we will also extend our reach to potential new customers around the new farm locations, and further diversify our customer base. With the expansion of our scale and reach, we aim to strengthen our position as a global leader in the dairy industry in China.

Continue to develop our beef cattle business

With consumers' increasing preference for beef and the emergence of beef orientated restaurants due to changes in nutritional awareness and consumption trends, China's demand for beef is growing steadily, with a shortage of sizeable and reliable high quality beef suppliers to fulfil the market's needs. We plan to further increase the beef cattle population of our existing beef cattle feedlots to full capacity and construct new beef cattle feedlots in Shandong when opportunities arise as part of the future expansion of our beef cattle business. We have formed partnerships with food service companies in China such as Zuo Ting You Yuan (左庭右院) and premium beef processors. We plan to further expand and diversify our customer base in order to improve our reputation as a quality beef cattle supplier and to grow a resilient beef cattle business.

Our raw milk and beef cattle businesses work synergistically with each other. The experience, management systems and technologies developed from managing large-scale dairy farms and cow breeding can be transferred and applied to our beef cattle feedlots to enhance business growth. We also enjoy cost efficiencies through economies of scale and optimisation of resources such as land and our team of technical experts.

Upstream integration through genetic breeding technology to further improve our operational efficiency

Animal breeds and genetics are a key foundation for dairy farming and beef farming operations. Breakthroughs in genetic technology can increase productivity, lower disease and mortality rates, as well as lengthen the lifespans of dairy cows and beef cattle. We plan to build core herd centres and expand the genetic improvement programme in our farms with ET technology, which can enhance milk and beef cattle yields. We plan to use genomic testing and in vitro embryo production technology to rapidly build a core herd of cattle with desired genes and genetic traits, thereby boosting our production capacity and accelerating the genetic improvement of our existing dairy cows and beef cattle. With the support of these new technologies, we expect that our farms will achieve higher operational efficiency, larger production capacity and enhanced product quality.

Build a sustainable business with minimal environmental impact

We are committed to building a sustainable business and operating model that minimises our impact on the environment. We have set medium to long term sustainability targets. We will continue to improve our operational efficiency such as average milk yield to reduce the GHG emission per ton of raw milk produced. Our continued emphasis on animal welfare will also enable us to raise healthier cows and cattle, which in turn increases productivity and efficient use of resources such as feed and water. We will continue to explore new technologies and build additional facilities that increase resource usage efficiency and waste management. We will also explore the use of green energy such as photovoltaic power generation to generate electricity for our production activities.

OUR BUSINESS MODEL AND PRODUCTS

We have two main business segments, namely our raw milk business and beef cattle business. We also engage in an ancillary business, namely the sales of milk products under our own brand "澳亞牧場 AustAsia". Our integrated farming model includes (i) dairy cow breeding and farming, raw milk production, and sales of raw milk, and (ii) beef cattle breeding and farming, and sales of beef cattle.

Our business segments are described below:

Raw Milk Business

We breed and raise dairy cows on our large-scale dairy farms, and sell raw milk to downstream dairy product manufacturers in China for further processing into premium dairy products. Our well-diversified customer base includes (i) leading national and regional dairy product manufacturers, which contributed approximately 83% and 81% of our total revenue from raw milk business in 2021 and the six months ended 30 June 2022; and (ii) emerging dairy brands, which contributed approximately 15% and 16% of our total revenue from raw milk business in 2021 and the six months ended 30 June 2022.

Beef Cattle Business

We started our beef cattle farming operations in 2018, pursuing the rapidly increasing demand for beef products in China. We raise beef cattle on our large-scale beef cattle feedlots, and sell beef cattle to food service companies in China such as Zuo Ting You Yuan (左庭右院) and premium beef processors for further processing into beef products. Our beef cattle business operates synergistically with our raw milk business. By using steers from our dairy herd for beef cattle stock, we are able to utilise the resources of our raw milk business to develop our beef cattle business.

Ancillary Business

In addition to our two main business segments, we also sell our milk products under our own brand "澳亞牧場 AustAsia" to large-scale cafes, milk tea stores, bakeries and refreshment chains in China.

The following table sets forth the components of our revenue by business segments for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	(US$ million, except for percentages)						*(unaudited)*			
Raw milk business	315.6	89.8%	349.8	86.4%	438.0	83.9%	203.0	84.2%	242.3	87.1%
Beef cattle business	22.2	6.3%	43.0	10.6%	50.5	9.7%	24.6	10.2%	25.0	9.0%
Ancillary business	13.7	3.9%	12.0	3.0%	33.4	6.4%	13.6	5.6%	11.0	3.9%
Total	**351.5**	**100.0%**	**404.8**	**100.0%**	**521.9**	**100.0%**	**241.2**	**100.0%**	**278.3**	**100.0%**

RAW MILK BUSINESS

Overview of Raw Milk Business

As of the Latest Practicable Date, we owned and operated ten dairy farms in China. As of 30 June 2022, we had a total herd size of 111,424 heads of dairy cows, 57,383 of which were milkable cows.

Leveraging our expertise in genetic improvement of cattle as detailed in "*– Raw Milk Business – Our Dairy Cows – Breeding*" and farm management as detailed in "*– Raw Milk Business – Farm Management*", we produce premium raw milk with high efficiency. According to Frost & Sullivan, we have been ranked No. 1 in China in terms of annualised average milk yield per milkable cow, which is the key indicator of the productivity and efficiency of dairy farms, for seven consecutive years from 2015 to 2021. In 2021, our annualised average milk yield per milkable cow reached 12.7 tons/year, exceeding the industry average of 8.7 tons/year and the average for the top five dairy farm operators of 11.5 tons/year. In terms of individual dairy farm ranking in 2019, 2020 and 2021, we have six, seven and five dairy farms, respectively, ranked among the top ten large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow, according to Frost & Sullivan.

The raw milk business represents the majority of our revenue during the Track Record Period. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, our revenue from sales of raw milk were US$315.6 million, US$349.8 million, US$438.0 million, US$203.0 million and US$242.3 million, accounting for 89.8%, 86.4%, 83.9%, 84.2% and 87.1% of our total revenue. For the same periods, our raw milk sales volume reached approximately 553,800 tons, 551,800 tons, 589,800 tons, 278,000 tons and 338,000 tons. In 2019, 2020 and 2021, our average selling price was RMB4,076/ton, RMB4,371/ton and RMB4,789/ton. According to Frost & Sullivan, the national average selling price of raw milk in China in the same periods were approximately RMB3,653/ton, RMB3,793/ton and RMB4,293/ton. The average selling price of our raw milk over the same periods represented a premium of approximately 11.6%, 15.2% and 11.5% above the national average selling price. Our average selling price in the six months ended 30 June 2021 and 2022 were RMB4,723/ton and RMB4,664/ton.

Our Dairy Farms

During the Track Record Period, we expanded our business by building and acquiring new dairy farms. The number of our dairy farms in operation increased from eight in 2019 to ten in the six months ended 30 June 2022. As of the Latest Practicable Date, we owned and operated ten large-scale dairy farms across China in Shandong and Inner Mongolia, with an aggregate gross land area of approximately 14,657 mu.

We carefully select the location of our dairy farms based on factors including climate, optimal environmental parameters and proximity to customers. Three of our dairy farms are strategically located within the "Golden Raw Milk Belt" in Inner Mongolia, which is situated in an ideal latitude zone for dairy farming. The mild climate and rich natural resources within the Golden Raw Milk Belt, such as wide grasslands, ample feed and abundance of fresh water, generate high milk yield and quality. Seven of our dairy farms are in Shandong and are strategically located in close proximity to both major dairy products processing plants and major dairy consumption markets. We also take into account ancillary land for feed plantations to provide a stable supply of high quality feed and achieve effective integration and synergies across feed plantations and dairy farming.

The following table sets forth the locations of our dairy farms in operation as of 30 June 2022:

Region	Geographic Location	Name of Dairy Farm	Self-built/ Acquired
Shandong	Dongying City	Dongying AustAsia Dairy Farm ("**Farm 1**")	Self-built
		Dongying Xianhe AustAsia Dairy Farm ("**Farm 3**")	Self-built
		Dongying Shenzhou AustAsia Dairy Farm ("**Farm 4**")	Self-built
		Dongying Shenzhou AustAsia Dairy Farm Xinhu Branch ("**Farm 5**")	Self-built
	Tai'an City	Tai'an AustAsia Dairy Farm ("**Farm 2**")	Self-built
	Dezhou City	Pure Source Farm 1 ("**Farm 9**")	Acquired
		Pure Source Farm 2 ("**Farm 10**")	Acquired
Inner Mongolia	Chifeng City	Chifeng AustAsia Dairy Farm ("**Farm 6**")	Self-built
		Chifeng AustAsia Dairy Farm Zhagasitai Branch ("**Farm 7**")	Self-built
		Chifeng AustAsia Dairy Farm Tongxi Branch ("**Farm 8**")	Self-built

The following table sets forth certain operating data for our dairy farms in operation for the periods indicated or as of the dates indicated:

Region	Size	Designated capacity				Number of milkable cows				Number of calves and heifers[1]				Utilisation rate[2]				Annualised average milk yield per milkable cow			
	As of 30 June	As of 31 December			As of 30 June	As of 31 December			As of 30 June	As of 31 December			As of 30 June	As of 31 December			As of 30 June	For the year ended 31 December			For the six months ended 30 June
	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
	(mu)	*(number of dairy cows)*				*(head)*				*(head)*								*(tons/year)*			
Shandong	**9,715**	**56,000**	**56,000**	**72,000**	**72,000**	**32,173**	**32,754**	**36,511**	**38,714**	**23,725**	**24,678**	**29,330**	**29,703**	**99.8%**	**102.6%**	**91.4%**	**95.0%**	**12.3**	**12.5**	**12.6**	**13.0**
Farm 1	760	8,000	8,000	8,000	8,000	6,314	6,309	6,244	6,687	1,905	1,840	2,133	1,715	102.7%	101.9%	104.7%	105.0%	11.9	12.3	13.0	12.9
Farm 2	1,331	11,000	11,000	11,000	11,000	6,481	6,548	6,418	6,375	4,003	3,823	4,066	4,087	95.3%	94.3%	95.3%	95.1%	11.7	12.0	12.4	13.4
Farm 3	1,653	12,000	12,000	12,000	12,000	6,347	6,504	6,514	6,035	5,809	6,364	5,830	6,355	101.3%	107.2%	102.9%	103.3%	12.2	12.4	12.7	12.8
Farm 4	1,512	13,000	13,000	13,000	13,000	6,620	6,760	6,573	6,852	6,288	6,327	6,108	5,687	99.3%	100.7%	97.5%	96.5%	12.7	12.9	12.8	13.2
Farm 5	2,304	12,000	12,000	12,000	12,000	6,411	6,633	6,551	6,778	5,720	6,324	5,470	5,547	101.1%	108.0%	100.2%	102.7%	12.9	13.1	12.9	12.8
Farm 9[3]	876	–	–	8,000	8,000	–	–	1,423	2,859	–	–	2,839	3,117	0.0%	0.0%	53.3%	74.7%	N/A	N/A	9.0	14.1
Farm 10[3]	1,279	–	–	8,000	8,000	–	–	2,788	3,128	–	–	2,884	3,195	0.0%	0.0%	70.9%	79.0%	N/A	N/A	10.5	11.7
Inner Mongolia	**4,942**	**24,000**	**36,000**	**36,000**	**36,000**	**13,113**	**13,926**	**17,224**	**18,669**	**11,645**	**14,389**	**14,555**	**16,107**	**103.2%**	**78.7%**	**88.3%**	**96.6%**	**13.5**	**13.3**	**13.0**	**13.8**
Farm 6	1,520	12,000	12,000	12,000	12,000	6,435	6,311	6,061	6,876	6,278	6,456	4,561	5,280	105.9%	106.4%	88.5%	101.3%	13.7	13.7	12.9	13.4
Farm 7	1,622	12,000	12,000	12,000	12,000	6,678	6,339	6,427	6,575	5,367	6,158	4,921	4,691	100.4%	104.1%	94.6%	93.9%	13.2	13.1	13.3	14.0
Farm 8[4]	1,800	–	12,000	12,000	12,000	–	1,276	4,736	5,218	–	1,775	5,073	6,136	0.0%	25.4%	81.7%	94.6%	N/A	8.6	12.3	14.2
Total	**14,657**	**80,000**	**92,000**	**108,000**	**108,000**	**45,286**	**46,680**	**53,735**	**57,383**	**35,370**	**39,067**	**43,885**	**45,810**	**100.8%**	**93.2%**	**90.4%**	**95.5%**	**12.6**	**12.8**	**12.7**	**13.3**

Notes:

(1) Excluding calves and heifers that were temporarily raised on our beef cattle feedlots when our dairy farms were full, which totalled 5,384, 6,032, 8,554 and 8,231 as of 31 December 2019, 2020, 2021 and 30 June 2022.

(2) Utilisation rate is calculated by dividing the aggregate number of dairy cows by the aggregate designed capacity. As we commenced our operations of Farm 8 in 2020, the average utilisation rate in Inner Mongolia was lower than that of our dairy farms in Shandong in 2020. The utilisation rate of our dairy farms in Inner Mongolia increased as the production of Farm 8 ramped up.

(3) Farm 9 (Pure Source Farm 1) and Farm 10 (Pure Source Farm 2) are two dairy farms we acquired in June 2021. As both two dairy farms are still at ramp up stage, their utilisation rates and milk yield in 2021 were relatively lower than our other dairy farms.

(4) As Farm 8 was still at ramp up stage in 2020, its utilisation rate and milk yield in 2020 were relatively lower than our other dairy farms.

We intend to continue increasing the production capacity of our existing dairy farms and build new dairy farms. We are developing one plot and plan to develop another plot of vacant Pure Source land into new dairy farms to accommodate an additional 29,500 heads of cattle (including 12,700 milking cows) in 2023. The land plots for Pure Source Farm 3 (Farm 11) and Pure Source Farm 4 (Farm 12) were acquired together with Farm 9 and Farm 10 in June 2021. The following table sets forth certain details of our proposal for the construction of the Pure Source farms:

Farm	Location	Commencement of construction	Expected commencement of commercial production	Planned holding capacity	Planned full milking capacity[1]	Rotary milking parlour	Expected size	Estimated total investment costs
				(number of dairy cows/head)	*(number of milking cows/head)*	*(milking stalls)*	*(mu)*	*(RMB million)*
Pure Source Farm 3 ("**Farm 11**")	Shandong	April 2022	January 2023	17,000	7,000	100 x 2	2,400	904.7
Pure Source Farm 4 ("**Farm 12**")	Shandong	April 2023	December 2023	12,500	5,700	80 x 2	1,400	669.7

Note:

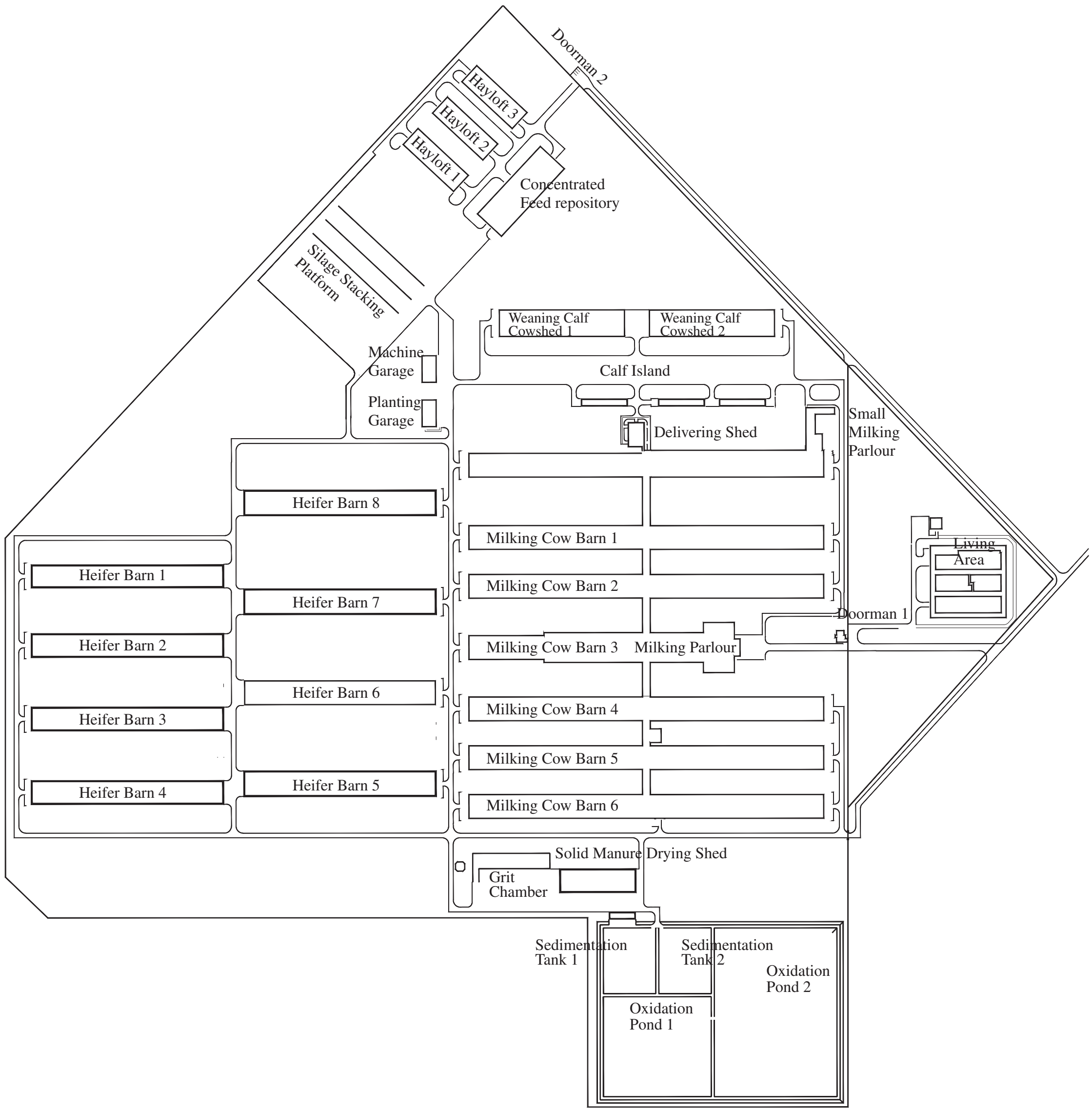
(1) Full milking capacity is estimated based on the number of milking stalls, rotation speed and our milking routine. Based on our typical rotation speed, the maximum number of milking cows we can accommodate per hour is within the range of 550 to 600. And our milking routine is six hours per shift (4x per day).

In addition, we are currently in discussions with a third-party downstream milk producer which has a national brand in the infant milk formula market and the local government to establish new farm facilities in Inner Mongolia. In May 2022, we entered into a framework agreement pursuant to which we agree to build two dairy farms from 2023 to 2025. We expect that the capital investment for the dairy farms will involve building farm facilities, including the purchase of the necessary equipment, and funding the initial cattle acquisition for the farm. As of the Latest Practicable Date, no land or property has been identified by the parties. The parties will negotiate and enter into definitive agreements in relation to the details of such strategic cooperation.

Dairy farm design and facilities

Our dairy farms are designed with a scientific layout to maximise milk yield and productivity, and ensure dairy cow welfare. Our dairy farm facilities include a milking parlour with milking machines and raw milk loading area, cattle barns, feed and non-feed warehouses, and manure treatment facilities with biogas function on certain farms.

Set forth below is a sample layout of our standard dairy farm design:



Our Dairy Cows

The average number of dairy cows in our dairy farms was 9,762 as of 31 December 2021, the second highest among the top five dairy farm operators by herd size in China, according to Frost & Sullivan. As of 30 June 2022, our dairy cow population was 111,424 heads. We had 57,383 milkable cows and 54,041 calves and heifers, accounting for 51.5% and 48.5% of our dairy cows as of 30 June 2022. All of our dairy cows are Holsteins. Holsteins are generally larger in size and have a higher milk yield per milkable cow compared to other dairy cows. During the Track Record Period, we did not procure any dairy cows from third party suppliers.

The following table presents a breakdown of our dairy cows as of the dates indicated:

	As of 31 December			As of 30 June
	2019(2)	**2020**	**2021**	**2022**
	(head)			
Milkable cows	45,286	46,680	53,735	57,383
Calves and heifers(1)	40,754	45,099	52,439	54,041
Total	**86,040**	**91,779**	**106,174**	**111,424**

Notes:

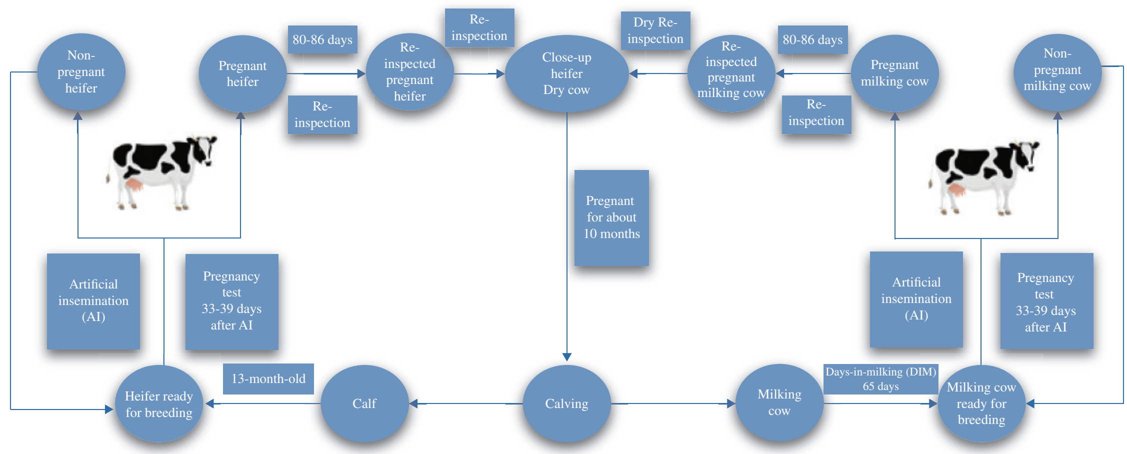
(1) Includes calves and heifers that were temporarily raised on our beef cattle feedlots when our dairy farms were full.

(2) Excludes dairy cows in the discontinued operation. See "*Financial Information – Description of Major Components of Our Results of Operations – Discontinued operation*" and Note 12 to the Accountants' Report included in Appendix I to this prospectus for further details.

Milk production process

We have an optimal herd structure that is ideal for high milk yields and sustainable herd expansion. Our dairy cows consist of milkable cows, calves and heifers. A typical life cycle for a dairy cow after birth is as follows: (i) a female calf becomes a heifer after six months from its birth; (ii) a heifer becomes a milkable cow after about 23 months from its birth; and (iii) a milkable cow has an average of three lactation cycles in its lifetime, each of which can last for 305 days. The average lifespan of dairy cows is 5 years. As of the Latest Practicable Date, the average remaining useful life of our Group's milkable cows is approximately 4.2 years. For the benefit of its welfare, milk quality and milk yield, each milkable cow that is pregnant undergoes a dry period of approximately two months immediately prior to delivery.

The following diagram shows the growing and producing processes of dairy cows.



Breeding

We implement a genetic improvement programme to enhance the breed of our dairy cows. As compared to the common industry practice of relying on imported bovine semen, we use IVF and ET breeding technology to breed better dairy cows. A high genomic female core herd is the fundamental element for genetic improvement of a dairy cattle breed. With the high genomic female core herd, we can improve the herd genetic traits from both parental sides. The common industry practice used by other large-scale farms only improves the paternal side with semen. As of 30 June 2022, we have a core herd of over 2,200 heads of dairy cows. With the core herd, we also plan to produce embryos for other farms or bull stations to improve their herd genetic value and create high-end bulls. To our knowledge, there are no ethical issues with our use of IVF and ET technologies on animals, or potential negative health effects for humans due to the application of genetic breeding technology to the cows.

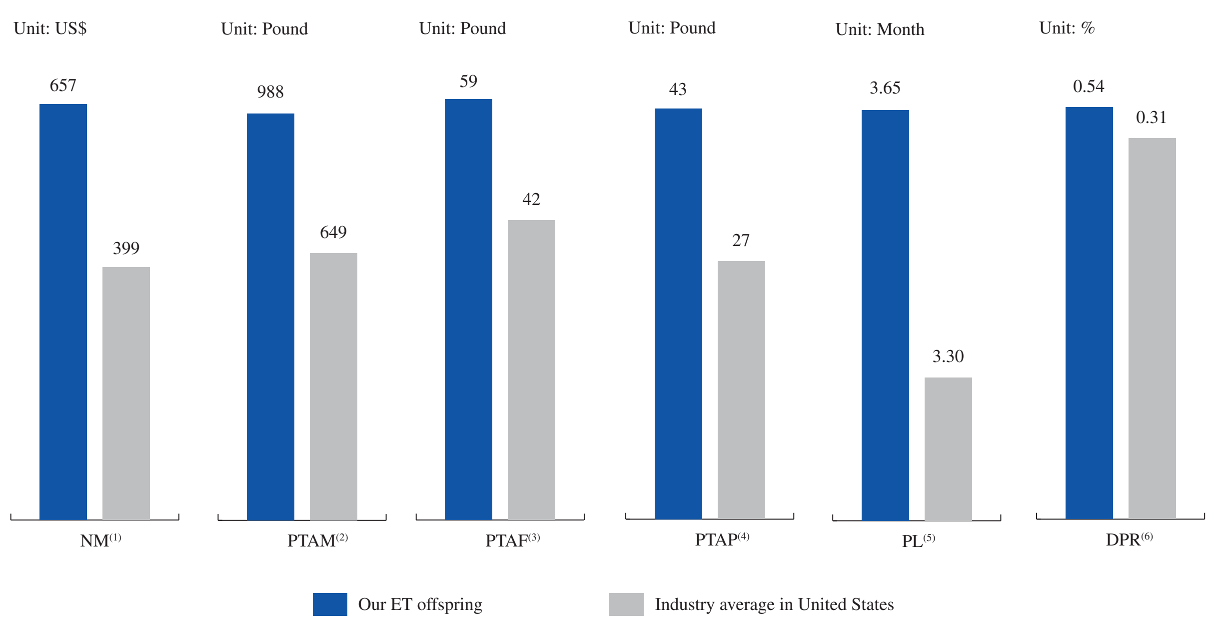
On each dairy farm, we have a team of around 15 specialised technicians who are dedicated to breeding cows. In addition, our headquarters has a team of experts focused on implementing ET technology and providing guidance on breeding. In addition, we cooperate with domestic research institutions and international companies from related areas. For example, we entered into a long-term cooperation agreement with Dairy Cow Research Centre of Shandong Academy of Agricultural Sciences (山東省農科院奶牛研究中心) together with a supplier of embryos. Pursuant to this agreement, the research centre provides guidance on breeding dairy cows (including genetic testing) and helps us build up the female core herd. The research centre will have a priority claim on the intellectual property, while we have the ownership of the dairy cows from breeding. The parties can agree to terminate the agreement without any liability. If the agreement is terminated due to our breach, we are obligated to compensate the embryo supplier a certain amount based on the value of embryos we have used on our farms.

As of the Latest Practicable Date, we have implemented IVF and ET breeding technology in eight dairy farms in Shandong and Inner Mongolia, representing 80% of our dairy farms. During the Track Record Period, we used the bovine semen imported mainly from the United States, which are generally regarded as of the highest quality in the industry. We have also transferred over than 12,950 IVF embryos and produced approximately 2,200 Holstein offspring(1).

The breakthroughs in genetic technology enable us to increase productivity and efficiency, lower disease and mortality rates, as well as lengthen the lifespans of the dairy cows and beef cattle. The IVF technology can significantly shorten generation interval, effectively increase pregnancy rate, optimise genetic traits and productivity of our dairy cows. In particular, higher pregnancy rate results in more frequent birth of dairy cows, which leads to more lactation periods, during which the milkable cows could produce milk. As a result, the average daily milk yield increases as more dairy cows become pregnant at a more rapid pace. For the past five years, significant improvements in genetic traits and productivity have been observed in our dairy cows. The key breeding indexes and indicators of our ET offspring surpassed the industry average of herds in the United States in 2020. According to Frost & Sullivan, the industry average data of herds in the United States is generally regarded as the highest benchmark.

The following graph illustrates the main breeding indexes and indicators of our ET offspring as compared to the industry average in the United States in 2020:

Comparison of ET Heifers' Genomic Results between the Group and U.S. Industry Average, 2020



Source: The Council on Dairy Cattle Breeding (CDCB), Frost & Sullivan

(1) Not all the transferred IVF embryos can survive. The survival of IVF embryos depends on the health status of the recipient cows.

Notes:

(1) Net Merit (or "**NM**") is a comprehensive breeding index, which reflects the additional net profit that may be generated by the offspring of animals in its lifetime. For instance, NM$657 indicates the cow can generate US$657 additional profit for the farm in its lifetime compared with the average level.

(2) Predicted Transmitting Ability for Milk Yield ("**PTAM**") represents the additional milk yield of the offspring for one parity compared with the average level of the breed. For instance, PTAM 988 means additional 988 pounds (approximately 448 kg) of the yield of the cow for a parity compared with the average level of the breed. The higher the PTAM, the higher the milk yield of the cow.

(3) Predicted Transmitting Ability for Milk Fat ("**PTAF**") represents the additional milk fat volume of the offspring for one parity compared with the average level of the breed. The higher the PTAF, the more the dry nutrient substance produced by the cow.

(4) Predicted Transmitting Ability for Protein ("**PTAP**") represents the additional milk protein volume for one parity compared with the average level of the breed.

(5) Production Life ("**PL**") represents the predicted transmitting ability of a cow in the herd birth month. In short, when PL increases by 1, the herd life of the cow extends 1 month. It suggests the cow gets sick less frequently and is healthier.

(6) Daughter Pregnant Rate ("**DPR**") represents the predicated transmission for the pregnant rate of dairy cows. When DPR increases by 1, it indicates the pregnant rate for 21 days of the cow may increase by 1% (i.e. to indicate that the fertility of the cow is better).

Culling

We have adopted a culling programme for our dairy cows to maintain the quality and yield of our raw milk. Culling refers to the removal of cows from a herd through sale and other means when they do not or no longer meet our criteria for milk yield or fertility. Through this process, some milking cows with low milk production will be culled each year. In addition, some milking cows will also be culled due to illness, or other abnormalities.

Our Raw Milk

Our main product in the raw milk business is premium raw milk. Premium raw milk refers to raw milk that exceeds the industry standards of the PRC, US, Japan, and European Union. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we sold 533,800 tons, 551,800 tons, 589,800 tons, 278,000 tons and 338,000 tons of premium raw milk, with an average selling price of RMB4,076 per ton, RMB4,371 per ton, RMB4,789 per ton, RMB4,723 per ton and RMB4,664 per ton.

The following table sets forth the production volume and sales volume of our raw milk for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
Production volume (thousand tons)[1]	565.4	582.8	638.8	298.3	359.2
Sales volume (thousand tons)	533.8	551.8	589.8	278.0	338.0
Average selling price (RMB/ton)	4,076	4,371	4,789	4,723	4,664

Note:

(1) The difference between production volume and sales volume mainly represents the volume sold internally to our ancillary business segment.

We assess the quality of our raw milk primarily with four indicators commonly recognised in the industry, namely the protein content, fat content, aerobic plate count and somatic cell count. In 2021, our raw milk has an aerobic plate count and somatic cell count of 5,081 CFU/ml and 141,239 CFU/ml, which is significantly better than the EU standards, one of the highest industry standards for raw milk safety in the world. In addition, our raw milk has high nutritional value, with average protein content and fat content of 3.3% and 3.8%, exceeding the standards set by the PRC National High-quality Milk Project, the United States and Japan.

The table below sets forth comparisons between the average quality indicators of our raw milk and various industry standards for 2021:

	Protein Content	Fat Content	Aerobic Plate Count	Somatic Cell Count
	(%)	*(%)*	*(CFU/ml)*	*(CFU/ml)*
Our products	3.3%	3.8%	5,081	141,239
PRC national high-quality milk project	≥3.1%	≥3.3%	<100,000	<300,000
Average of selected large-scale dairy farms	3.9%	3.9%	42,700	210,600
PRC national standards	≥2.8%	≥3.1%	<2,000,000	N/A
U.S. standards	≥3.2%	≥3.5%	<100,000	<750,000
European standards	N/A	N/A	<100,000	<400,000
Japan standards	≥3.2%	≥3.8%	N/A	N/A

Farm Management

We have adopted and implemented industry best practices in farm management. We have installed real-time farm management systems in our dairy farms, including herd management system, feeding system and production information management system to oversee and control operation in real time, improve management efficiencies and achieve our mission of "happy cows". These "happy cows" ultimately lead to higher milk yield during any given lactation period. As such, our farm management system and commitment to animal welfare are key to improving our milk yield. These systems are described below:

Real-time herd management system: We use a real-time herd management system to facilitate our monitoring of each dairy cow, including its herd reproductive status, growth information, health indicators, genetic information, breeding information, immunisation information, and medical records. The information of each dairy cow is stored individually and updated in real time every day. Each dairy farm uses this system to generate daily work reminder reports to improve the farm management and operational efficiency. This system can also automatically generate a backup data package, which can be easily sent to the respective technical supporting teams for their guidance and advice.

Feeding system: Our dairy farms use a feeding monitoring and management system to achieve precision feeding. This system can store detailed information on customised recipes for dairy cows at different stages. This system applies modern information technology to monitor the whole process of feeding, remind operators of the type, sequence and weight of feeding in real time, avoid human errors in the process, and control the feeding to the exact range. The data stored on this system can also be used for statistical analysis and to help the operators to improve their operation. By tracing the entire feeding process, we can maximise the accuracy of the execution of feed formula and provide balanced nutrition for our beef cattle.

Production information management system: Our production information management system generally keeps detailed and accurate records of each dairy cow's milk yield and health conditions. These data provide us with insights of the overall milk yields at our dairy farms and the productivity of each dairy cow in real time. This system also enables the farm manager to keep track whether the milking operation process meet the standard requirements through the various indicators reflected in the system.

BEEF CATTLE BUSINESS

Overview of Beef Cattle Business

We commenced beef cattle farming operations in Shandong in 2018. Our beef cattle business operates synergistically with our raw milk business. By using the dairy herd as the breeder for beef cattle stock, we optimise the resources of our dairy farms and maximise the value creation from the dairy cow breeding and farming value chain. Furthermore, we may leverage our expertise in genetic breeding of dairy cattle to improve the productivity of our beef cattle.

As of the Latest Practicable Date, we owned and operated two large-scale beef cattle feedlots. We had a total herd size of 28,152 heads of beef cattle as of 30 June 2022.

In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, our revenue from sales of beef cattle were US$22.2 million, US$43.0 million, US$50.5 million, US$24.6 million and US$25.0 million, accounting for 6.3%, 10.6%, 9.7%, 10.2% and 9.0% of our total revenue from continuing operations. For the same periods, our beef cattle sales volume reached 10,582 heads, 16,125 heads, 14,927 heads, 6,970 heads and 7,541 heads, with average selling price of RMB29,716/ton, RMB32,515/ton, RMB35,065/ton, RMB36,578/ton and RMB33,017/ton.

Our Beef Cattle Feedlots

As of the Latest Practicable Date, we owned and operated two large-scale beef cattle feedlots in Shandong and Inner Mongolia. We selected the locations based on factors including proximity to our dairy farms, climate, optimal environmental parameters and proximity to customers. Each of our beef cattle feedlots is located near our dairy farms, which allows for the dairy herd from our dairy farms to be transported with ease to the beef cattle feedlots. The dairy herd are used as the breeder for beef cattle stock.

The following table sets forth certain details of our major beef cattle feedlots in operation as of 30 June 2022 (except as otherwise indicated):

Region	Number of beef cattle feedlots	Size	Designed capacity	Number of beef cattle	Utilisation rate[(1)]			
					As of 31 December			As of 30 June
					2019	2020	2021	2022
		(mu)	*(number of beef cattle)*	*(head)*				
Shandong	1	3,142	20,000	18,358	85.4%	93.4%	90.2%	91.8%
Inner Mongolia	1	979	15,000	9,794	N/A[(2)]	4.7%	49.2%	65.3%
Total	**2**	**4,121**	**35,000**	**28,152**	**85.4%**	**55.4%**	**72.6%**	**80.4%**

Notes:

(1) Utilisation rate is calculated by dividing the aggregate number of beef cattle by the aggregate designed capacity. As we commenced our operations in Inner Mongolia in 2020 later than Shandong, the average utilisation rate in Inner Mongolia is lower than that of our beef cattle feedlot in Shandong. We expect that the utilisation rate of our beef cattle feedlot in Inner Mongolia will increase as the production ramps up.

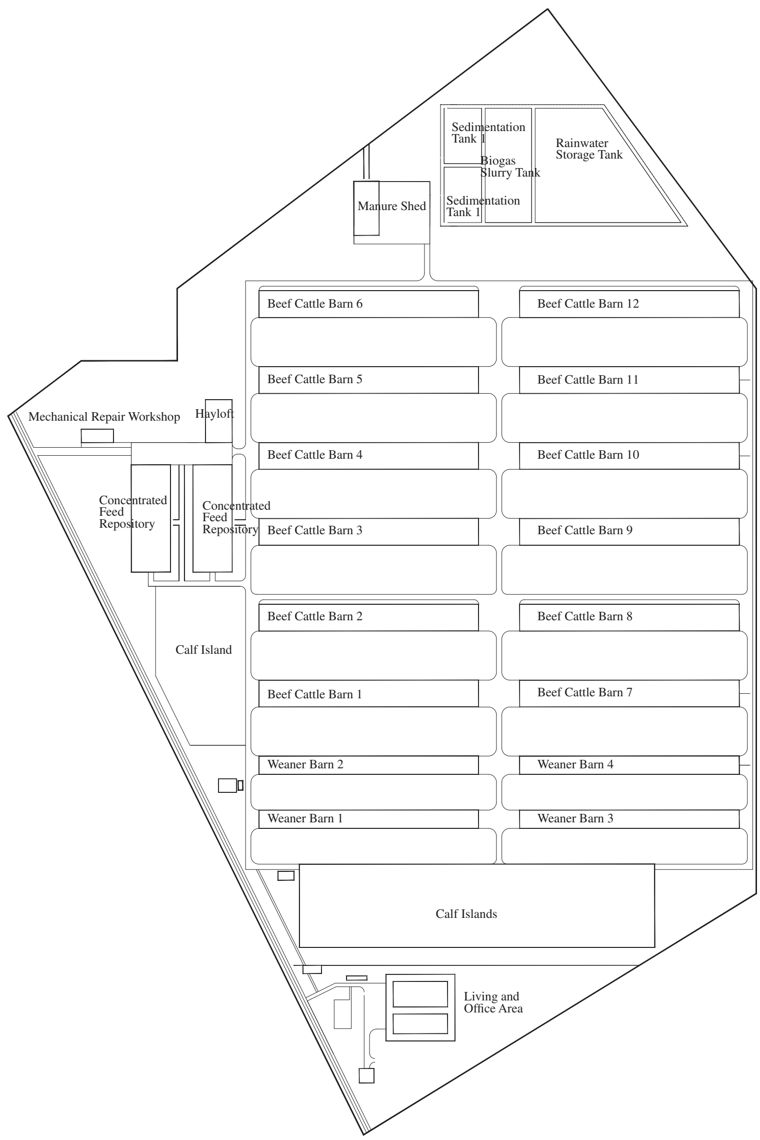
(2) We did not have any operations in Innger Monglia in 2019.

We plan to further increase the beef cattle population of our existing beef cattle feedlots to full capacity and construct new beef cattle feedlots in Shandong when opportunities arise as part of the future expansion of our beef cattle business.

Beef cattle feedlot design and facilities

Our beef cattle feedlots are designed to maximise yield, as well as ensure beef cattle welfare. Our beef cattle feedlot facilities include cattle barns, feed and non-feed warehouses, and manure treatment facilities with biogas function on certain farms.

Below is a sample layout of our standard beef cattle feedlot design:



Our Beef Cattle

As of 30 June 2022, our beef cattle population was 28,152 heads, approximately 34.3% of which are finishers. During the Track Record Period, we did not procure any beef cattle from third party suppliers. All of our beef cattle come from our dairy farms. After our dairy cows give birth to a bull calf, the bull calf will be moved to our beef cattle feedlot. A bull calf will be neutered and become known as a steer before breeding and fattening.

The following table presents a breakdown of our beef cattle as of the dates indicated:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
Bull calf	2,140	2,060	3,158	4,371
Weaner	4,482	4,862	5,895	4,763
Feeder	6,643	7,090	8,983	9,368
Finisher	3,821	5,374	7,378	9,650
Total	**17,086**	**19,386**	**25,414**	**28,152**

We have six different breeds of beef cattle – Holstein, Angus, Wagyu, Charolais, Limousin and Simmental. Most of our beef cattle are Holsteins. The following table presents a breakdown of our beef cattle by breed as of 30 June 2022:

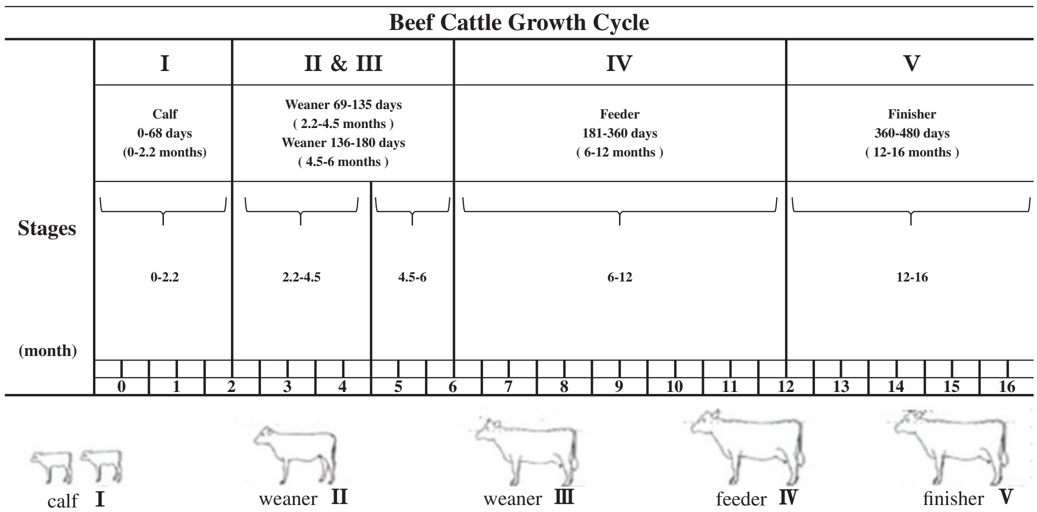
Breed	As of 30 June 2022
Holstein	26,566
Angus and others(1)	1,586
Total	**28,152**

Note:

(1) Others include Wagyu, Charolais, Limousin and Simmental. The other breeds of beef cattle are bred from Holstein cows and bovine semen of other breeds.

We have an optimal herd structure that is ideal for high beef yield and sustainable herd expansion. Our beef cattle mainly consist of finishers and others. Different breeds of cattle have different life cycles, and a typical life cycle of the Holstein cattle after birth is as follows: (i) a bull calf becomes a weaner after two months; (ii) a weaner becomes a feeder after four months; (iii) a feeder becomes a finisher after six months; (iv) a finisher is sent to food processing companies for further processing into beef products at sixteen months.

The following diagram shows the growing and producing processes of our beef cattle:



Feedlot Management

We adopt the industry best practices in beef cattle feedlot management. We have installed management systems in our beef cattle feedlots, including herd management system and feeding system to improve management efficiencies. These systems are described below:

Real-time herd management system: We use a real-time herd management system to facilitate our monitoring of each beef cattle, including its herd reproductive status, growth information, health indicators, genetic information, breeding information, immunisation information, and medical records. The information of each beef cattle is stored individually and updated in real time every day. Each feedlot uses this system to generate daily work reminder reports to improve the management and operational efficiency.

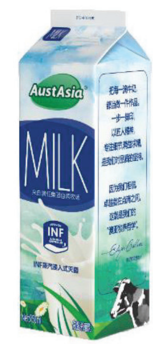
Feeding system: Our feedlots use a feeding monitoring and management system to achieve precision feeding. This system can store detailed information on customised recipes for beef cattle at different stages. This system applies modern information technology to monitor the whole process of feeding, remind operators of the type, sequence and weight of feeding in real time, avoid human errors in the process, and control the feeding to the exact range. The data stored on this system can also be used for statistical analysis and to help the operators to improve their operation. By tracing the entire feeding process, we can maximise the accuracy of the execution of feed formula and provide balanced nutrition for our beef cattle.

ANCILLARY BUSINESS

Our ancillary business is mainly focused on business-to-business ("**B2B**") sales of milk products carrying our in-house brand "澳亞牧場 AustAsia" as this allows us to widen our clientele and expand our sources of revenue beyond the raw milk and beef cattle business segments. We use the premium raw milk from the raw milk business segment and outsource the processing and packaging to third-party dairy product manufacturers. Customers of our branded milk products include large-scale cafes, milk tea stores, bakeries and refreshment chain stores in China.

Our milk products mainly include ESL milk and UHT milk.

The table below sets out certain basic information about our main milk products as of the Latest Practicable Date:

Product	Selling price	Major nutritive value and ingredients	Shelf life	Picture
	(in RMB per 100 ml)			
ESL milk	0.9	• Protein: 3.6% • Fat: 3.7%	21 days	
UHT milk	0.8-1.2	• Protein: 3.2% • Fat: 3.6%	6 months	

FEED

The main feeds we require for our operations are silage (made mainly from corn and alfalfa), forage grass (primarily alfalfa and oat hay), corn and soybean-based products. We grow a small amount of forage on our farms (primarily corn and alfalfa) for our internal use. A substantial amount of our feeds is sourced from third-party suppliers both in China and overseas. We have adopted various measures to mitigate the impact of fluctuations in feed prices, including flexibility to adjust feed formula while adhering to nutritional standards, diversifying our feed ingredients so that the price fluctuation of one ingredient would not exert material impact on our feeding costs, and maintaining diversified supply channels. In particular, in view of the rise in feed ingredients price in recent years, we aim to actively manage our feeding costs and inventory. We have been sourcing feed from a number of suppliers who offer diverse and high-quality forage grass in China and overseas.

We are currently constructing a feed mill factory which is expected to commence operations in the first quarter of 2023. We anticipate this would improve quality control of the feed and reduce costs. The capacity of the feed mill is expected to be 130 thousand tons, and we anticipate this would meet approximately 8% of the feed requirement at our dairy farms and beef cattle feedlots at completion.

We use a scientifically formulated feed for optimal nutrition to maximise milk yield of our dairy cows, increase weight gain of our beef cattle and promote cow health. We feed our dairy cows and beef cattle with a well-balanced mixture of feed, forage grass and additives. As the climate and environmental factors differ based on the location of the dairy farm and beef cattle feedlot, we adjust the ratio and formula of the feed to tailor to the needs of our dairy cows and beef cattle. We understand and develop local forage supply with high standards on forage quality.

QUALITY CONTROL

Quality Control Certifications

We are certificated by the Standard Quality Food ("**SQF**") Programme, which is a rigorous and credible food safety and quality programme that is recognised by retailers, brand owners, and food service providers world-wide. Recognised by the Global Food Safety Initiative, the SQF family of food safety and quality codes are designed to meet industry, customer, and regulatory requirements for all sectors of the food supply chain – from the farm all the way to the retail stores. An SQF certificate has an initial term of one year and 75 days and annual renewal can be applied subject to ongoing compliance with the standards and requirements set forth in the SQF certification. The SQF certification requires, among others, stringent requirements over the construction and control of product handling and storage areas, personnel processing practices, quality control and separation of responsibilities during the process flow and storage and transport. As of the Latest Practicable Date, we received two SQF certificates (Quality Code and Food Safety Code), which have been renewed until March 2023.

Production Quality Control

We implement a rigorous internal quality control system to ensure high standards of our raw milk and beef cattle. We have established a set of standard operating procedures for each business operation throughout the process of production of raw milk and beef cattle, including breeding and reproduction, feeding, milking, identification and treatment of disease, veterinary assistance, quality control and inventory management. Our internal control policies also cover routine business operation of all business lines and functional departments such as procurement, capital allocation, insurance, dairy farm employees and regulate our business procedures with strict quality control and safety management measures.

We carry out rigorous testing and inspection before raw milk leaves our farms to ensure the quality and safety of our raw milk is in compliance with our internal quality control standards. These tests are designed to ensure the taste and content of nutrients such as fat and protein of the raw milk are of high standards and the raw milk does not contain any forbidden substances such as antibiotics and alcohol. We issue a report detailing the test results and quality indicators before raw milk leaves the dairy farm. We also implement the same cleaning standards we apply to our milking facilities and perform inspections on our milk tanks to ensure the highest hygiene level of the milk tanks.

Procurement Quality Control

Selection and management of suppliers is an important part of our quality control over the supply chain. We have a detailed protocol for the procurement team which sets out the standard policies to follow in selecting our suppliers and the responsibilities of each person-in-charge throughout the entire procedure to ensure effective implementation of our procurement policy. Before procuring raw material, the procurement team must screen the supplier applications based on product quality, price, market reputation, reliability, quality control systems etc. We also sample their products or conduct on-site inspections to ensure their products meet our quality standards. The procurement team must seek multiple quotes before awarding the contract, and all procurement agreements should be written. We maintain a list of qualified suppliers, who have a proven record of reliable and stable supply, and we only partner with such qualified suppliers. We periodically review and evaluate the performance of our suppliers and we will suspend purchase from those who fail our evaluations until they meet our requirements.

Our Quality Control Team

We maintain a dedicated quality control department in each of our business lines, which is responsible for managing and supervising the implementation of our quality control system. As of the Latest Practicable Date, we had over 50 quality control specialists. Our quality control specialists closely monitor our production process by conducting regular sample tests on our raw milk and raw materials. In addition, they also test the equipment and facilities to ensure that they can function properly. As of the Latest Practicable Date, we had not received any material complaints about the quality of our products nor have we been subject to any product dispute or recall that could have a material adverse effect on our financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any issues relating to contamination, hygiene, food safety or other quality control issues in respect of its products.

OUR CUSTOMERS

We have a well-diversified customer base. Our customers in the raw milk business include leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), Junlebao (君樂寶), New Hope Dairy (新希望乳業), Jiabao (佳寶) and Classykiss (卡士)), and emerging dairy brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)). Our customers in the beef cattle business include food service companies such as Zuo Ting You Yuan (左庭右院) and premium beef processors. Our customers in ancillary business include large-scale cafes, milk tea stores, bakeries and refreshment chain stores. Some of our raw milk business customers are also our Pre-IPO Investors. See "*History and Corporate Structure*" for further details.

The following table sets forth certain information about our customers:

Business segments	Product type	Major customers	Use of products
Raw milk business	Premium raw milk	• Leading national and regional dairy product manufacturers • Emerging dairy brands	Processing of downstream dairy products

Business segments	Product type	Major customers	Use of products
Beef cattle business[(1)]	Beef cattle	• Food service companies • Premium beef processors • Slaughterhouses	Processing of downstream beef products
Ancillary	Milk products	• Large-scale cafes, milk tea stores, bakeries, and refreshment chain stores	Retail

Note:

(1) In 2019, 2020, 2021 and the six months ended 30 June 2022, we have 41, 34, 16 and 18 customers for beef cattle business.

Our sales to our top five customers in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 81.0%, 72.6%, 65.7% and 65.3% of the Group's total revenue from continuing operations. Our sales to our largest customer in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 54.9%, 23.8%, 27.4% and 23.6% of our total revenue from continuing operations in those periods. During the Track Record Period, except as disclosed in the table below, none of the Directors, their respective associates or shareholders who own 5% or more of the Company's issued share capital had any interest in the top five customers. To our knowledge, other than a deposit from Customer B for the purchase of raw milk from the Group which will be automatically due in 2024, none of our top five customers for each year during the Track Record Period and their ultimate beneficial owners has any other past or present relationships (business, employment, family, trust, financing or otherwise) with the Group, its directors, shareholders, senior management or any of their respective associates.

The table below set forth a breakdown of the top five customers of our Group in each of 2019, 2020, 2021 and the six months ended 30 June 2022:

Rank	Customers	Categories of products/ services purchased	Principal business	Year of commencement of the business relationship	Amount of revenue	As a percentage of our total revenue from continuing operations
					(US$'000)	
For the year ended 31 December 2019						
1	Customer A	Raw milk	Production and sales of dairy products	2009	193,012	54.9%
2	Customer B	Raw milk	Production and sales of dairy products	2012	35,458	10.1%
3	Customer C	Raw milk	Production and sales of dairy products	2013	25,609	7.3%
4	Customer D	Raw milk	Production and sales of dairy products	2015	18,638	5.3%
5	Customer E	Raw milk	Production and sales of dairy products	2015	12,063	3.4%
Total					**284,780**	**81.0%**

Rank	Customers	Categories of products/ services purchased	Principal business	Year of commencement of the business relationship	Amount of revenue	As a percentage of our total revenue from continuing operations
					(US$'000)	
For the year ended 31 December 2020						
1	Customer B	Raw milk	Production and sales of dairy products	2012	96,450	23.8%
2	Customer A	Raw milk	Production and sales of dairy products	2009	95,599	23.6%
3	Customer C	Raw milk	Production and sales of dairy products	2013	51,136	12.6%
4	Customer D	Raw milk	Production and sales of dairy products	2015	33,107	8.2%
5	Customer F	Beef cattle	Processing and sales of raw and fresh meat and meat products	2020	17,984	4.4%
Total					**294,276**	**72.6%**
For the year ended 31 December 2021						
1	Customer C	Raw milk	Production and sales of dairy products	2013	142,762	27.4%
2	Customer B	Raw milk	Production and sales of dairy products	2012	110,919	21.3%
3	Customer G	Raw milk	Wholesale and retail of dairy products	2020	39,557	7.6%
4	Customer H	Raw milk	Production and sales of dairy products	2020	24,565	4.7%
5	Customer I	Branded milk products	Catering services	2018	24,466	4.7%
Total					**342,269**	**65.7%**
For the six months ended 30 June 2022						
1	Customer C	Raw milk	Production and sales of dairy products	2013	65,700	23.6%
2	Customer B	Raw milk	Production and sales of dairy products	2012	49,725	17.9%
3	Customer G	Raw milk	Production and sales of dairy products	2020	32,410	11.6%
4	Customer J	Raw milk	Production and sales of dairy products	2015	17,538	6.3%
5	Customer H	Raw milk	Production and sales of dairy products	2020	16,283	5.9%
Total					**181,656**	**65.3%**

Notes:

(1) Customer A is an A-share listed company, headquartered in Inner Mongolia with an international operation, which is one of the leading national dairy product manufacturers in China, offering a comprehensive range of dairy products. In 2019, 2020, 2021 and the six months ended 30 June 2022, Customer A was the controlling shareholder of Supplier A, one of our top five suppliers in 2019. The Group's sales and purchase transactions with Customer A and Supplier A were independent transactions which were not inter-connected or inter-conditional. Customer A ceased to be one of the Group's five largest customers in 2021 as we could not agree on commercially viable terms to renew the raw milk sales agreement when it expired. We have discontinued to conduct business with Customer A and Supplier A since 2021.

(2) Customer B is a Hong Kong-listed company, headquartered in Inner Mongolia, which is one of the leading national dairy product manufacturers in China, offering diversified dairy products. Customer B is also one of our suppliers. In 2020, 2021 and the six months ended 30 June 2022, our purchase amount attributable to Customer B was approximately US$0.7 million, US$0.5 million and US$28 thousand, which accounted for 0.2%, 0.1% and 0.0% of our trade purchases from continuing operations. Customer B purchased raw milk from us, while it also supplied feed to us. Our sale and purchase with Customer B were independent transactions which were not inter-connected or inter-conditional.

(3) Customer C is an A-share listed company, headquartered in Shanghai, which is one of the major regional dairy companies in China, offering diversified dairy products. Customer C is also one of our top five suppliers in 2021. In 2019, 2020, 2021 and the six months ended 30 June 2022, our purchase amount attributable to Customer C was approximately US$1.3 million, US$3.1 million, US$11.3 million and US$3.3 million, which accounted for 0.5%, 1.0%, 2.5% and 1.6% of our trade purchases from continuing operations. Customer C purchased raw milk from us, while it also supplied feed to us. Our sale and purchase with Customer C were independent transactions which were not inter-connected or inter-conditional.

(4) Customer D is a private dairy product company, headquartered in Hebei Province, which is one of the leading national dairy product manufacturers in China.

(5) Customer E is a private dairy product company, headquartered in Shandong Province, which is one of the major regional dairy companies in China. Customer E is also one of our suppliers. In 2019, 2020, 2021 and the six months ended 30 June 2022, our purchase amount attributable to Customer E was approximately US$2.7 million, US$2.0 million, US$7.2 million and US$0.9 million, which accounted for 1.0%, 0.6%, 1.6% and 0.4% of our trade purchases from continuing operations. Customer E purchased raw milk from us, while it also provided services processing our raw milk into milk products (including packaging). Our sale and purchase with Customer E were independent transactions which were not inter-connected or inter-conditional.

(6) Customer F is a group of private companies under the same control, which are premium beef processors in China.

(7) Customer G is one of our Pre-IPO Investors and a premium Chinese fresh dairy producer based in Guangzhou. See "*History and Corporate Structure – Pre-IPO Investment*" for further details.

(8) Customer H is a private dairy product company specialised in premium dairy products, headquartered in Shenzhen, which owns one of the main emerging dairy brands in China.

(9) Customer I is a publicly traded company, headquartered in Xiamen, which is one of the largest national coffee networks in China.

(10) Customer J is one of our Pre-IPO Investors and a leading large-scale comprehensive dairy supplier in China. See "*History and Corporate Structure – Pre-IPO Investment*" for further details.

(11) Each of Customer F, Customer G and Customer H became one of our five largest customers shortly after they commenced business relationships with us in 2020, primarily due to (i) the strong momentum of their business growth, as evidenced by the emerging dairy brands of Customer G and Customer H; and (ii) our ability to supply them with a stable amount of premium raw milk and beef cattle, as part of our raw milk supply became available after our cessation of relationship with Customer A.

(12) For each of the overlapping supplier-customers, the key terms for our sales of products from such overlapping supplier-customers are generally similar to those of our other customers. In addition, the average selling price of raw milk we sold to such overlapping supplier-customers is largely comparable to the average selling price of raw milk we sold to other independent customers for similar quantity during the Track Record Period. As such the Group confirms that our sales to overlapping supplier-customers were negotiated on an arm's length basis and under normal commercial terms.

We generally enter into long-term agreements with our key customers for our raw milk business. Below is a summary of the key terms of a typical raw milk sales contract:

- *Term*. The agreement has a term of 5 years, with variations to the agreement to be agreed by both parties during the term.
- *Minimum quantity requirement*. We are committed to a minimum supply of raw milk per day.
- *Quality*. The raw milk sold needs to be in compliance with the national food safety standard as well as the standard set by our customers.
- *Pricing*. Most customers adopt an annual price. If we and certain customers cannot agree on the price for a subsequent year, we will set the price for each month according to the market, subject to an agreed minimum price.
- *Payment terms*. Payment is made during the 5th to the 25th of the month following delivery.
- *Inspection and return policy*. After inspection, our customers may reject the raw milk if it believes it to be sub-standard. If we disagree with the inspection results of our customers, both parties will jointly take samples, seal them and send them to a third-party testing agency certified by China Metrology Accreditation ("**CMA**") or China National Accreditation Service for Conformity Assessment ("**CNAS**").
- *Renewal*. Either party can renew the contract by notifying the other party 30 or 60 days before the expiration date.
- *Termination*. Both parties can agree to change or terminate the contract. A contract may also be terminated by a party where the other party breaches the contract or is under circumstances such as bankruptcy, dissolution or acquisition. If a party unilaterally terminates the contract or commits a fundamental breach, it shall be liable for the higher of (i) 50% of the actual transaction amount of the two parties in the year prior to the termination or cancellation of the contract or (ii) RMB2,000 per ton of raw milk not paid for/delivered beginning in the month when the contract was breached to the end of the contract period by the breaching party under the contract.

During the Track Record Period, our sales were primarily settled by our customers via bank transfer.

Pricing

The selling prices of our raw milk are generally determined based on quality indicators (such as the protein content) as well as prevailing market prices. During the Track Record Period, our raw milk was sold at a premium to the market average selling prices primarily due to the consistently higher quality of our raw milk. Our raw milk quality has continuously surpassed market standards as measured by the key quality indicators. We typically negotiate and set the selling prices of our raw milk annually. As a result, we are generally not able to pass on short-term increases in our costs to our raw milk customers. See "*Risk Factors – Fluctuations in market prices of raw materials, as well as any disruptions in the supply of raw materials, could have a material adverse effect on our financial condition and results of operations*".

The selling prices of our beef cattle are results from our negotiations with customers taking into account quality and current market prices. We typically negotiate and set the selling prices of our beef cattle monthly.

The selling prices of our branded milk products are results from our negotiations with customers taking into account quality, current market prices and the volume of purchases. We typically set the selling prices of our branded milk products internally, which is used as the basis for providing price quotes to our customers. The final selling prices vary by customer depending on the outcome of the bidding and negotiations.

Product Return and Recall Policy

We generally do not allow product returns or exchanges in the sales of our products except for quality defects or spoilage. During the Track Record Period and up to the Latest Practicable Date, we did not experience product returns or exchanges from our customers that had a material impact on our operations, or any product recall or product liability claim due to product quality defects.

OUR SUPPLIERS

Our suppliers are categorised into (i) suppliers of feed and feed additives and (ii) other suppliers (such as suppliers of farming equipment, veterinary medicines, vaccines, frozen semen and packaging service). Feed and feed additives account for a large portion of our procurement. We provide the feed and feed additives suppliers with detailed formulations for optimal nutrition for cattle health and milk yield, and purchase these from eligible suppliers to feed our dairy cows and beef cattle.

We carefully select and manage our suppliers to ensure reliable and high-quality supplies. We evaluate feed and feed additives suppliers based on their market reputation and ranking, industry experience, delivery lead time, quality control system, and source control measures. We conduct thorough sample test or on-site inspection on feed and feed additives suppliers to ensure that they and their feed products meet our quality standards. We also conduct periodic reviews and evaluations on the overall performance of our feed suppliers.

The procurement is primarily conducted through our centralised procurement department, which is responsible for purchasing supplies, selecting eligible suppliers and coordinating with our quality control department to ensure that the supplies meet our standards. Most of our suppliers are based in China, with only a few suppliers from overseas. During the Track Record Period, our purchases were primarily settled by bank transfer.

Our top five suppliers in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 25.4%, 19.8%, 20.4% and 29.1% of the Group's total trade purchase from continuing operations. Our largest supplier in each of 2019, 2020, 2021 and the six months ended 30 June 2022 accounted for 6.5%, 7.2%, 6.7% and 11.3% of our total trade purchase from continuing operations in those periods. During the Track Record Period, other than Annona (an associate of the Controlling Shareholders), none of the Directors, their respective associates or shareholders who own 5% or more of the Company's issued share capital had any interest in the top five suppliers.

The following table sets forth a breakdown of the top five suppliers of our Group during the Track Record Period:

Rank	Suppliers	Categories of products/ services purchased	Principal business	Year of commencement of the business relationship	Credit terms (after invoice date)	Amount of purchase	As a percentage of our total trade purchase from continuing operations
						(US$'000)	*%*
For the year ended 31 December 2019							
1	Supplier A	Feed	Manufacturing and sales of feed	2016	30-45 days	17,599	6.5%
2	Supplier B	Feed and logistics	Manufacturing and sales of feed	2013	30-45 days	16,321	6.0%
3	Annona	Feed	Manufacturing and sales of feed	2018	110 days	15,046	5.6%
4	Supplier C	Feed	Manufacturing and sales of feed	2018	30-45 days	10,573	3.9%
5	Supplier D	Feed	Manufacturing and sales of feed	2013	30-45 days	9,103	3.4%
Total						**68,642**	**25.4%**
For the year ended 31 December 2020							
1	Supplier B	Feed and logistics	Manufacturing and sales of feed	2013	35-50 days	22,829	7.2%
2	Annona	Feed	Manufacturing and sales of feed	2018	110 days	18,380	5.8%
3	Supplier D	Feed	Retail food, chemical products, packaged feed and feed additive	2013	35-50 days	7,503	2.4%
4	Supplier E	Feed	Manufacturing and sales of feed	2016	35-50 days	7,224	2.3%
5	Supplier F	Packaging	Packaging and decoration printing	2016	Payment is required before delivery	6,750	2.1%
Total						**62,686**	**19.8%**

Rank	Suppliers	Categories of products/ services purchased	Principal business	Year of commencement of the business relationship	Credit terms (after invoice date)	Amount of purchase	As a percentage of our total trade purchase from continuing operations
						(US$'000)	%
For the year ended 31 December 2021							
1	Supplier B	Feed and logistics	Manufacturing and sales of feed	2013	10-15 days	30,391	6.7%
2	Annona	Feed	Manufacturing and sales of feed	2018	110 days	19,750	4.4%
3	Supplier G	Feed	Kitchen food, feed ingredients and greases; purchase of agriculture products	2020	Payment is required before delivery	17,752	3.9%
4	Supplier H	Feed	Manufacturing and sales of feed	2014	35-50 days	12,844	2.9%
5	Customer C	Feed	Manufacturing and sales of feed	2019	10-15 days	11,264	2.5%
Total						**92,001**	**20.4%**
For the six months ended 30 June 2022							
1	Supplier B	Feed and logistics	Manufacturing and sales of feed	2013	10-15 days	23,969	11.3%
2	Annona	Feed	Manufacturing and sales of feed	2018	110 days	11,854	5.6%
3	Supplier G	Feed	Kitchen food, feed ingredients and greases; purchase of agriculture products	2020	Payment is required before delivery	9,689	4.6%
4	Supplier I	Feed	Feed production; veterinary drug operation; import and export of aquaculture breeding; animal breeding	2021	Payment is required before delivery	8,172	3.9%
5	Supplier H	Feed	Manufacturing and sales of feed	2014	35-50 days	7,888	3.7%
Total						**61,572**	**29.1%**

Notes:

(1) Supplier A is a Hong Kong-listed company, headquartered in Inner Mongolia, which is one of the leading national dairy product manufacturers in China. In 2019, 2020 and 2021, Customer A was the controlling shareholder of Supplier A.

(2) Supplier B is a group of private companies under the same control, each of which is registered in Shandong Province and primarily engaged in planting forage grass and sales of feed.

(3) Annona is a wholly-owned subsidiary of Japfa, and our connected person, as of the Latest Practicable Date. See *"Connected Transactions – C. Non-Exempt Continuing Connected Transactions – 2. Supply Agreement"* for further details.

(4) Supplier C is a private company registered in Tianjin, which is primarily engaged in wholesale and retail of feed.

(5) Supplier D is a group of private companies under the same control, each of which is registered in Shandong Province and primarily engaged in sales of feed.

(6) Supplier E is a private company registered in Beijing, which is primarily engaged in sales of feed. Supplier E is also one of our customers. In 2020, 2021 and the six months ended 30 June 2022, our sales amount attributable to Supplier E was approximately US$1,140, US$3,560 and US$590 which accounted for less than 0.1% of our revenue from continuing operations. Supplier E supplied feed to us, while it also purchased raw milk from us. Our sale and purchase with Supplier E were independent transactions which were not inter-connected or inter-conditional.

(7) Supplier F is a private company registered in Jiangsu, which is primarily engaged in packaging and decoration printing.

(8) Supplier G is an A-share listed company, headquartered in Shanghai, which is one of the largest agricultural products and food processing companies in China.

(9) Supplier H is a group of private companies under the same control, each of which is registered in Beijing and primarily engaged in sales of feed.

(10) Customer C is also one of our top five customers in each of 2019, 2020, 2021 and the six months ended 30 June 2022. See "*– Our Customers*" for further details.

(11) Supplier I is a private company registered in Shanghai, which is primarily engaged in production and sales of feed.

(12) For each of the overlapping supplier-customers, the key terms for our purchase contracts with such overlapping supplier-customers are generally similar to those of our other suppliers. In addition, the average purchase price of feed we paid to such overlapping supplier-customers is largely comparable to the average purchase price of feed we paid to other independent suppliers of similar quantity during the Track Record Period. As such the Group confirms that our purchases from overlapping supplier-customers were negotiated on an arm's length basis and under normal commercial terms.

We generally enter into short-term contracts with our suppliers. We maintain good relationships with our suppliers and did not experience any material disputes with our suppliers or supply shortages during the Track Record Period. For our forage supplies, we generally enter into short-term purchase agreements with trading companies to purchase high-quality imported alfalfa, and purchase agreements with domestic suppliers to buy other forages. We also enter into short-term purchase agreements with local suppliers, under which the local suppliers grow the corn silage according to our specifications. We determine the harvest time to ensure the quality of the corn silage. We maintain the right to refuse the delivery of forages if the feed fails to meet our standards.

Inventory

Our inventory mainly comprises of feed, low-value consumables and finished goods. We seek to strike a balance between the flexibility of our operations at an appropriate inventory level and the unnecessary waste of excess inventory. We maintain strict inventory control and appropriate inventory and regularly review inventory to determine whether the inventory is slow-moving, obsolete, or whether its market value has declined. Our procurement team will also coordinate with our production department to optimise our inventory level. We also adopt an electronic record system to facilitate us in keeping track of the materials stored in the warehouses.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, (i) several of our top five customers (being Customer A/Supplier A, Customer B, Customer C and Customer E) were also our suppliers providing us feed and milk products processing services; and (ii) several of our top five suppliers (being Customer C and Supplier E) were also our customers procuring raw milk from us. Our purchase amount attributable to these customers amounted to US$21.6 million, US$12.4 million, US$25.6 million and US$8.2 million, which accounted for 8.0%, 3.9%, 5.7% and 3.8% of our trade purchases from continuing operations in 2019, 2020, 2021 and the six months ended 30 June 2022. Our sales amount attributable to these suppliers amounted to US$25.6 million, US$51.1 million, US$142.8 million and US$65.7 million, which accounted for 7.3%, 12.6%, 27.4% and 23.6% of our revenue from continuing operations in 2019, 2020, 2021 and the six months ended 30 June 2022. See "– *Our Customers*" and "– *Our Suppliers*" for further details.

According to Frost & Sullivan, it is common in the raw milk industry for dairy product manufacturers and/or their affiliates to also be engaged in the feed business and/or provision of milk products processing service.

Negotiations of the terms of our sales to and purchases from these overlapping supplier-customers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. For each of the overlapping supplier-customers, the key terms of our sales of products from such customers and our purchase contracts with such suppliers are generally similar to those of our other customers/suppliers. In addition, (i) the average selling price of raw milk at which we sold to such overlapping supplier-customers is largely comparable to the average selling price of raw milk at which we sold to other independent customers for a similar quantity during the Track Record Period; and (ii) the average purchase price of feed we paid to such overlapping supplier-customers is largely comparable to the average purchase price of feed we paid to other independent suppliers for a similar quantity during the Track Record Period. As such, we are of the view that our sales to and purchases from overlapping supplier-customers were negotiated on an arm's length basis and under normal commercial terms.

SALES AND MARKETING

As our raw milk business and beef cattle business mainly operate on a B2B model, we focus on maintaining regular contact with customers to understand our customers' needs and market changes. We continuously seek to develop our brand and product portfolio to meet evolving customer preferences and target key growth markets. We have also built up a well-recognised brand "澳亞牧場 AustAsia" for milk products.

Our sales and marketing team are dedicated to maintaining relationships with our existing customers as well as reaching out to potential customers. We also have an e-commerce sales team in China which manages our direct sales of milk products to consumers on e-commerce platforms.

Distribution

We sell part of our branded milk products to end-customers through third-party distributors, which we believe is in line with the industry norm. We select our distributors mainly based on their sales experience and distribution channels in the relevant markets. For 2019, 2020, 2021 and the six months ended 30 June 2022, approximately 1.7%, 0.6%, 1.2% and 1.0% of our total revenue were by sales to distributors. Our relationship with most distributors is as seller and buyer. We retain no ownership control over the milk products sold to such distributors. Our distributors place orders with us on a transactional basis and the revenue from the sales of our milk products is recognised when the products are sold to the distributors. We typically enter into distribution agreements with distributors, the main terms of which are summarised below:

- *Term*: Typically one year

- *Designated distribution regions and/or channels*: Distributors are not allowed to distribute our products outside of their designated regions and/or sales channels.

- *Return policy*: Certain distributors have the right to return unsold milk products subject to certain conditions under the distribution agreements.

- *Pricing policy*: We set the recommended retail prices based on market conditions.

- *Termination*: If the distributor breaches certain material terms, we may terminate the distribution agreement.

To minimise the risk of cannibalisation, we generally take the following measures in relation to our distributors: (i) when selecting our distributors, we take into consideration their respective geographic coverage to avoid potential competition among the distributors within a region; (ii) our distribution agreements specify the designated distribution regions; and (iii) we regularly communicate with our distributors to monitor various aspects of their sales activities and keep track of any potential cannibalisation or competition among our distributors.

LOGISTICS

In our raw milk business, the customers typically arrange to collect the raw milk from our dairy farms in milk trucks. We sometimes arrange outbound logistics services to be paid for by the customers.

In our beef cattle business, the food processing companies will arrange to collect the live beef cattle from our beef cattle feedlots. We do not arrange outbound logistics of live beef cattle.

In our ancillary business, we contract with third-party logistics providers to transport and deliver our in-house branded milk products to our customers. During the Track Record Period, we did not experience any material disruption or delay in the delivery of our products. This outsourcing arrangement allows us to focus on our business of producing branded milk products, and reduces our capital requirements and risk of liability for transportation issues, delivery delays or losses.

SEASONALITY

Our raw milk quality and milk yield are influenced by seasonal factors as dairy cows generally produce more milk in a lower temperature environment. As such, prolonged summertime temperature may lead to lower than expected raw milk production. In addition, we generally record higher sales of raw milk, beef cattle and branded milk products during the second half of the year as there are more public holidays and the customers tend to purchase and stock more products for their own consumption or as gifts. Seasonality in our raw materials may also cause fluctuations in our financial results. For example, we typically purchase silage during the harvest season between September and November each year, which are subsequently utilised throughout the entire year.

TRANSFER PRICING ARRANGEMENT

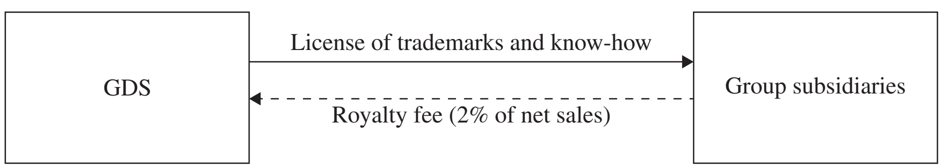
Intra-Group Transactions

During the Track Record Period, we engaged in a number of intra-group transactions across different jurisdictions that may have transfer pricing implications, which include the following types of transactions:

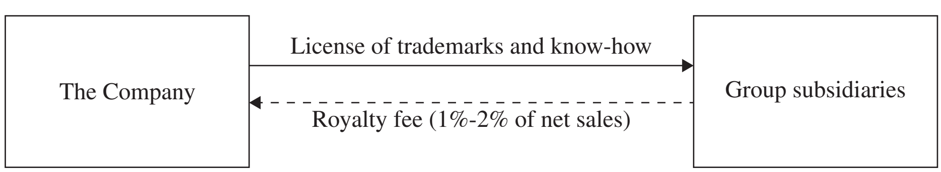
- licensing of trademarks and know-how relating to planning blueprint for farms by GDS to our subsidiaries in the PRC, Indonesia, Hong Kong and Malaysia (before the disposal of GDS in April 2020);
- licensing of trademarks by the Company to our subsidiaries in the PRC; and
- licensing of know-how relating to planning blueprint for farms by the Company to our subsidiaries in PRC.

A flow chart detailing the transfer pricing arrangement is set out below:

Before the disposal of GDS



After the disposal of GDS



The following table sets forth the corresponding amounts of our intra-group transactions across the different jurisdictions during the Track Record Period:

	For the year ended 31 December			**For the six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$'000)		
Royalty charge					
GDS	10,874	2,679	–	–	–
The Company	–	6,817	11,595	5,331	6,188
Total	**10,874**	**9,476**	**11,595**	**5,331**	**6,188**

Transfer Pricing Assessment

The Organisation for Economic Co-operation and Development (the "**OECD**"), an international organisation of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"). According to the OECD Transfer Pricing Guidelines, our intra-group transactions should be at arm's length basis to avoid distorted taxable income in different jurisdictions. The arm's length principle is respected by all tax jurisdictions of our subsidiaries, including Singapore and the PRC.

In order to ensure compliance with the relevant transfer pricing regulations, we have engaged an independent transfer pricing consultant, an international professional accounting firm in Singapore, to conduct benchmarking studies against the identified related-party transactions to be tested (the "**covered transactions**") in accordance with Singapore's transfer pricing regulations ("**Singapore TP Legislation**") and the OECD Transfer Pricing Guidelines, which primarily identified the arm's length pricing and/or profit range for related-party transactions.

Based on the functional analysis performed, the Comparable Uncontrolled Price Method was considered to be the most appropriate method and a royalty rate, expressed as a percentage of net sales, was selected as the appropriate measure for computing the royalty to be charged for testing the intercompany transaction.

Based on the benchmarking analysis, the inter-quartile range of royalty rates lies between 0.85% and 3.50%, with a median of 2.0%. Based on the above-mentioned analysis, we believe that the prices and profit levels of covered transactions were in line with the arm's length principle or at fair value from the perspectives of Singapore TP Legislation and OECD Transfer Pricing Guidelines.

Our transfer pricing arrangements have not been challenged or investigated by any relevant tax authority during the Track Record Period and up to the Latest Practicable Date.

Measures to Ensure On-Going Compliance

We have adopted various measures to ensure our compliance with the applicable transfer pricing laws and regulations, including: (i) implementing internal control policy on tax-related matters; (ii) monitoring updates on transfer pricing laws and regulations, and assessment of related risks on our Group; (iii) regular review of the transfer pricing arrangements, and where necessary, appointing a tax adviser to review such transfer pricing arrangements to ensure compliance with the arm's length principle.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to building a sustainable business and minimising our operational impact on the environment. We plan to set metrics and targets for ESG issues and to review our key ESG performance on a regular basis. Our Directors will actively participate in designing our ESG strategies and targets, and will evaluate, determine and address our ESG-related risks. We may from time to time engage independent professional third parties to help us make necessary improvements.

Governance

We are committed to complying with ESG reporting requirements upon Listing. We expect to establish an ESG policy (the "**ESG Policy**") in accordance with the standards of Appendix 27 to the Listing Rules to cover, among others, (i) the appropriate risk governance on ESG matters, (ii) ESG governance structure and ESG strategy formation procedures, (iii) ESG risk management and monitoring, and (iv) the identification of key performance indicators ("**KPIs**"), the relevant metrics and mitigating measures.

Our ESG policy will set out the respective responsibility and authority of different parties. Our Board expects to establish a special committee on ESG (the "**ESG Committee**") responsible for the following:

- review and approve vision, mission, strategies, management structure and policy, risk profile and key performance indicators;

- assess the achievement of strategies and KPIs on a yearly basis and give advice for the development;

- review and approve the annual ESG Report;

- report to the Board of Directors at least once a year, including the current status, key ESG risks identified, achievement of strategies and KPIs, comparison with industry peers, trend of ESG development, challenges faced ahead, latest disclosure requirements; and

- appoint external ESG consultants.

We also expect to establish the ESG Management Committee to manage, drive and oversee various ESG work according to the principles and guidance set by the ESG Committee.

Potential Financial Impact of ESG-Related Risks

Our business operations are subject to ESG risks, including the following:

- We are subject to environmental protection laws and regulations promulgated by the PRC government. For example, we are required by the relevant government authorities to carry out an environmental impact assessment before constructing new dairy farms, feedlots and feed mills to minimise the impact of our business operation on the environment. For details, see "*Appendix III – Regulatory Overview and Taxation*". If we breach any environmental-related laws and regulations, or faces any accusation of negligence in environmental protection, in addition to the potential fines and penalties, such incidents may also adversely affect our reputation and creditability. See "*Risk factors – Our environmental related costs may increase, and the expansion of our production capacity may be constrained if China's environmental protection laws become more onerous, and any non-compliance with relevant environmental protection laws could lead to the imposition of fines and penalties*".

- We are subject to the risks of extreme weather conditions. Our farms are located in the northern part of China, with one beef cattle feedlot and three dairy farms in Inner Mongolia, and one beef cattle feedlot and seven dairy farms in Shandong. These areas are subject to the risk of severe weather conditions (e.g. ice and snow) that could potentially lower the milk yield and growth of our beef cattle. We may experience indirect impacts from supply chain disruption if we and/or our suppliers, especially our feed and forage grass suppliers, suffered from extreme weather conditions such as snowing, icing and flooding. See "*Risk Factors – Our business operations are subject to environmental, social and governance risks*".

Environment and Climate

Our dairy farming and beef cattle businesses impact the environment primarily through the carbon and greenhouse gas ("**GHG**") emissions (including methane emission from dairy cows and beef cattle as well as other GHG emission from other aspects of our operations), air emissions, hazardous and non-hazardous waste emission, water usage and combined energy consumption. We do not employ free range cattle farming, whereby cattle roam and graze on rangeland freely. Our dairy cows and beef cattle are housed in our large-scaled standardised farms, and are fed in accordance with our feeding system as detailed in "*– Raw Milk Business – Farm Management – Feeding System*". As such, we do not believe our business activities have any material impact on rangeland conservation. As of the Latest Practicable Date, none of our dairy farms or beef cattle feedlots is located near population centres. We expect to establish the overall carbon-neutrality strategies as follows:

- Stage I: Initiate low-carbon transformation and become one of the pioneers in developing unified GHG assessment methodology for dairy farms in China

- Stage II: Reduce carbon footprint by 50% and promote low-carbon products

- Stage III: Reduce carbon footprint by 80% and promote carbon-neutral products

- Stage IV: Achieve carbon-neutrality for all farms and factories

We have started to track certain KPIs since 2021, which mainly include air emissions, GHG emissions (including methane emission from dairy cows and beef cattle as well as other GHG emission from other aspects of our operations), hazardous and non-hazardous waste produced, water usage and combined energy consumption in relation to our principal business. According to Frost & Sullivan, our ESG metrics are comparable with those of our industry peers based on a comparison of data publicly disclosed by our industry peers. Our Directors are of the view that, based on the confirmation by Frost & Sullivan, there are no international standards, certifications or accreditations on the calculation and reporting of ESG metrics that are designed to companies engaged in cattle farming, primarily because the natural environment and cattle farming systems vary widely across the globe. We have not set objectives for the reduction of air emissions and GHG emissions by volume because (i) the volume of air emissions and GHG emissions will increase as the Group expands its operations; and (ii) intensity objectives allow the Group to set emissions reduction targets while accounting for economic growth.

Air emissions

Metrics and targets

Air emissions (ton)	**2021**
SOx emission	248.32
NOx emission	239.41
PM emission	21.25

Measures towards the targets

We have detailed steps to reduce our air emissions. For example, we plan to use stationery feed mixers run by electricity which does not generate air emission, instead of mobile mixers which are run by diesel oil, and we have installed air source heat pumps in certain dairy farms for the generation of heat during winter to reduce the usage of non-renewable energy.

GHG emissions

Metrics and targets

GHG emissions (tCO2e)	2021	2025 Target
GHG emission by volume	**485,711.16**	**–**
Including: Scope I	385,600.13	–
Including:		
Cattle related[(1)]	338,215.25	–
Operations related[(2)]	47,657.14	–
GHG reduction[(3)]	(272.26)	–
Scope II	100,111.03	–
GHG emissions by intensity:		
Per ton of raw milk produced[(4)]	0.71	0.60
Per ton of beef cattle weight gained[(5)]	3.36	3.36 or lower

Notes:

(1) Primarily methane emission from dairy cows and beef cattle. The calculation methodology for methane emissions from cattle will be revised and improved based on the suggestions from our external advisers from time to time, as well as any applicable national or international standards that will be published and implemented in the future. In light of the lack of applicable national or international standards on the calculation of methane emissions in connection with cattle farming, we referred to "*2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories – Volume 4: Agriculture, Forestry and Other Land Use, Chapters 10 and 11*" as a guidance in calculating and reporting the historical methane emissions related to cattle farming.

(2) Other GHG emissions from aspects of our operations other than cattle farming, which are primarily the consumption of diesel oil, coal, biogas and refrigerants.

(3) From tree planting.

(4) Primarily methane from dairy cows.

(5) Primarily methane from beef cattle.

Measures towards the targets

We strive and have engaged external advisers to devise plans to reduce the level of GHGs (including methane emission from dairy cows and beef cattle as well as other GHG emission from other aspects of our operations) through the following measures:

- to improve work efficiency and increase average daily milking so as to reduce the GHG emission (primarily methane emission) per ton of raw milk produced;

- to explore new technology and build facilities that consume less energy and reduce GHG emissions;

- to explore the use of green energy like photovoltaic power generation;

- to collect and process the cattle manure (which is a significant source of methane emission) through our biogas facility (anaerobic digester) and explore the use of biogas to generate electricity for our production, to reduce the usage of grid electricity which generates higher GHG emission; and

- to explore the use of methane-reducing feed additives in order to reduce the GHG emission (primarily methane emission) from cattle.

Resource consumption

Metrics and targets

Resource consumption	2021	2025 Target
Combined energy consumption by intensity (standard coal ton):		
Per ton of raw milk produced	0.044	0.042
Per ton of beef cattle weight gained	0.191	0.191 or lower
Water consumption by intensity (m^3):		
Per ton of raw milk produced	9.58	9.17
Per ton of beef cattle weight gained	40.60	40.6 or lower

Measures towards the targets

We have a detailed plan for managing combined energy consumption and water consumption, including the following measures:

- to upgrade our equipment and facilities to improve the efficiency in water consumption. For example, we have installed precision spraying techniques which operate when cows reach the milk parlour so as to avoid unnecessary use of water; and

- to replace high energy-consuming equipment to reduce energy consumption. For example, we use LED lights and light sensor control, air source heat pumps that collect heat energy in the air and solar water heaters for heat water supply; adopt electric scrapers to reduce the use of diesel vehicles for manure treatment.

Waste management and Eco-farming

Metrics and targets

Waste produced (ton)	2021	2025 Target
Hazardous waste produced by intensity:		
Per tons'000 of raw milk produced	0.10	0.10 or lower
Per tons'000 of beef cattle weight gained	0.68	0.68 or lower
Non-hazardous waste produced by intensity:		
Per tons'000 of raw milk produced	3.23	3.23 or lower
Per tons'000 of beef cattle weight gained	24.77	24.77 or lower

Measures towards the targets

We implement various systems in our dairy farms and beef cattle feedlots for effective waste management, which is crucial to environmental protection. We have installed cow waste recycling and treatment facilities at our dairy farms and beef cattle feedlots to process cow manure. We also regularly clean cow waste in barns. We have biogas facilities for our Shandong farms, which come with anaerobic digesting technology to generate biogas, which is used to generate heat for the operation: solid manure is used for bedding in our farms, and liquid manure is returned to our cropping land as fertiliser.

Herd Health and Animal Welfare

Our philosophy is to raise "happy cows". Healthy cows in a comfortable environment can produce more milk over their lifetime, according to Frost & Sullivan. As such, we focus heavily on herd health and welfare in the course of our business expansion and the improvement of production capacity. In 2019, 2020 and 2021, we had a low incidence of illness and disease among our dairy cows and beef cattle. During the Track Record Period and up to the Latest Practicable Date, none of our dairy farms or beef cattle feedlots has experienced any major outbreaks of illness or disease, such as bovine spongiform encephalopathy (commonly known as "**mad cow disease**"), brucellosis, foot-and-mouth disease, bovine tuberculosis, mastitis or any other animal diseases. We believe that our commitment to animal welfare and raising "happy cows" leads to higher milk yield without compromising the health and lifespan of dairy cows or sacrificing long-term productivity. We have implemented a comprehensive set of internal management procedures to help maintain the overall health of our herds including:

Maintenance of comfortable environment. Our dairy farms and beef cattle feedlots are based on a standardised and scientific design, which take into account the comfort of our cows and cattle. We make sure proper ventilation, cow cooling, stalls, flooring, and lighting. For example, we (i) provide soft and dry bedding for our cattle and cows; (ii) strictly control the cow density in each cowshed to ensure sufficient resting time and space; (iii) provide spacious sports fields for our cattle and cows to move around; (iv) install windproof shutters at our cowsheds for wind protection; (v) install rolling shutters and electric water heating tanks at our cowsheds and milking parlours to keep our cows warm; (vi) maximise the use of natural ventilation through the design of our cowsheds and provide water sprays and fans for cooling; (vii) place newborn calves in places over 15°C and provide newborn calves of less than 20 days with thermal vests when it is below 5°C; and (viii) install cow waste recycling and treatment facilities at our dairy farms and beef cattle feedlots to process cow manure and we regularly clean cow waste in barns.

Optimised feeding. We formulate diets that meet the nutritional needs of our dairy cows and cattle at different stages of their growth, and prohibit the illegal use of additives.

Disinfection of equipment and facilities. We have established stringent procedures for disinfecting facilities and equipment. We disinfect our milking parlour, machines and equipment on a regular basis. Employees are required to wear masks, hats and gloves when handling dairy cows, beef cattle and/or milk.

Quarantine and treatment of sick and dead cows and cattle. We have established stringent procedures for the disposal of sick and dead cows and cattle. We promptly quarantine any sick dairy cows in separate barns and our veterinary specialists inspect them on a regular basis. Dairy cows that have been cured of any disease are milked in a separate milking hall until their milk passes all of our tests and examinations.

Disease control measures. Diseases like mastitis are the major threats to herds and dairy farms. We do not have brucellosis and tuberculosis in our dairy farms. Foot-and-mouth disease never occurred in our farms. We also have been implementing disease eradication programmes such as brucellosis and bovine tuberculosis on our herd.

Disease control training for new staff. We require our relevant staff to complete mandatory disease control training. Continuing disease control trainings are given to all employees at our dairy farms and beef cattle feedlots.

According to Frost & Sullivan, our measures and practices in relation to herd health and animal welfare are in line with those of leading industry peers.

Occupational Health and Safety

We place great importance on occupational health and safety management. We are subject to various laws and regulations in respect of health and occupational safety. We have established a series of safety guidelines, rules and procedures for our operations, including fire safety, operation safety, warehouse safety, work-related injuries and emergency and evacuation procedures to promote occupational health and safety and to ensure compliance with applicable laws and regulations. As of the Latest Practicable Date, we have around 15 full-time safety personnel. See "– *Legal Proceedings and Compliance – Enhanced internal control and remedial measures*" for details.

During the Track Record Period, 284 work-related injuries and three fatalities occurred at our facilities. In addition, one of our employees suffered a fatal injury in a traffic accident outside of our facilities while on duty. The vast majority of the work-related injuries which have occurred are light or minor injuries, such as injuries resulting from our employees being hit by cattle, vehicles or equipment, slipping or falling. There was a slight increase in the number of work-related injuries during the Track Record Period as a result of an increase in the scale of our operations and the corresponding increase in the number of our employees by 37.8% during the Track Record Period. However, we have improved our work safety record as we have enhanced and strengthened our work safety measures and policies. According to Frost & Sullivan, the number of our work-related injuries is in line with the industry norm based on a comparison of data from public disclosure of and private interviews with a number of our industry peers. The following table sets forth further details of our work-related injuries at our facilities during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
By severity					
– Serious[(1)]	3	0	3	1	0
– Light[(2)]	51	55	57	27	20
– Minor[(3)]	28	28	28	14	11
By nature					
– Hit by cattle	33	33	48	19	12
– Hit by vehicles or equipment	14	8	3	1	1
– Sprains, scratches, slips or falls	17	30	24	14	12
– Others	18	12	13	8	6
By facility					
– Dairy farms	74	74	86	41	29
– Beef cattle feedlots	8	9	2	1	2
Total (person)	**82**	**83**	**88**	**42**	**31**

Notes:

(1) Serious injuries refer to injuries that cause at least 105 lost days, as defined in the PRC national standard for classification of casualty accidents of enterprise staff and workers. Lost days refer to the total number of work days of an employee that are lost as a result of the work-related injuries.

(2) Light injuries refer to injuries that cause less than 105 lost days, as defined in the PRC national standard for classification of casualty accidents of enterprise staff and workers.

(3) Minor injuries refer to injuries that do not cause any lost days.

During the Track Record Period, and up to the Latest Practicable Date, we did not experience any accidents in the course of our operations that resulted in material claims for personal or property damages that are not covered by our insurance. During the Track Record Period, we had paid a total of approximately US$0.4 million of compensation to families of employees who suffered fatal injuries, all of which were subsequently reimbursed by our insurance companies. We maintain sufficient insurance coverage for any potential liabilities arising from work-related accidents and injuries, including mandatory social security insurance under PRC laws for the employees in China and employers liability insurance. Other than the incidents disclosed below in "– *Legal Proceedings and Compliance – Non-compliance – Safety Incidents*", we have not been subject to any administrative penalties in relation to safety production during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

The dairy industry in China has been undergoing rapid growth in recent years and has significant growth potential. Raw milk demand for dairy consumption in China has continued to outstrip raw milk domestic supply over the years. The dairy industry in China is highly concentrated, with the top five players together accounting for 76.3% market share in terms of retail sales value of dairy products in 2021. With the high market concentration rate, leading dairy groups play a dominant role in the pricing of raw milk. During the past three years, emerging dairy brands have grown at a CAGR of more than 50%. In addition, regional dairy companies have achieved steady development due to their localised and diversified product offerings. As a result, the competitive landscape of the dairy industry in China has become more dynamic. The raw milk supply market in China is highly fragmented. The top five players in China accounted for aggregate market share of 14.1%, 15.5% and 15.0% in terms of the sales volume, sales value and production volume of raw milk in 2021, respectively. For the same period, we were ranked third, fourth and fifth among all dairy farm operators in China, with a market share of 1.6%, 1.8% and 1.7% in terms of sales volume, sales value and production volume of raw milk in 2021, respectively. Our key competitors in the raw milk business include China Youran Dairy Group Limited, China Modern Dairy Holdings Limited and China Shengmu Organic Milk Limited, according to Frost & Sullivan. For further details on the dairy and raw milk supply industries in China, see "*Industry Overview – The Dairy Industry in China*" and "*Industry Overview – The Raw Milk Supply Industry in China*".

In addition, the beef cattle industry has maintained significant growth. With the rapid development of the economy and the increase of per capita disposable income, Chinese consumers' willingness to pay for healthy protein is increasingly expanding the retail sales value of beef products, according to Frost & Sullivan. As a result, meat consumption in China is expected to rise. Our key competitors in the beef cattle industry include several private beef cattle farming companies, according to Frost & Sullivan. These private beef cattle farming companies are principally engaged in beef cattle operations, including, among other things, fattening and slaughtering of beef cattle and producing various beef products. For further details on the beef cattle industry in China, see "*Industry Overview – The Beef Cattle Industry in China*".

We primarily compete on the basis of (i) our value proposition to our customers by providing a high-quality, reliable and consistent supply of raw milk and beef cattle; (ii) our production and distribution capabilities; (iii) our ability to meet customers' order requirements and delivery schedules within exacting timelines; (iv) the stability of our relationships with our customers; and (v) price. We believe our diversified customer base, efficient farm management, premium quality of our raw milk and beef cattle, and strong genetic breeding technologies allow us to effectively compete with other dairy farm operators and beef cattle farming companies in China.

INTELLECTUAL PROPERTY

Our trademarks, trade secrets and other intellectual property rights are essential to our business operations. We rely primarily on a combination of trademarks, trade secret and contractual rights, to protect our intellectual property rights. As of the Latest Practicable Date, we had obtained 40 registered trademarks in the PRC, 4 registered trademarks in Hong Kong, 8 registered trademarks in Macau, 16 registered trademarks overseas and 2 domain name in the PRC. For detailed information about our material intellectual property, see "*Appendix V – Statutory and General Information*".

With respect to proprietary know-how which is not patentable and processes for which patents are difficult to enforce, we rely on trade secret protection to safeguard our interests. Please see "*Risk Factors – Our efforts in obtaining and protecting our intellectual property may be costly and unsuccessful and we may not be able to protect our intellectual property rights*" for risks relating to our intellectual property. As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC.

PROPERTY

We occupy certain properties in China in connection with our business operations. They mainly include premises for our dairy farms, beef cattle feedlots and our feed mill which is currently under construction.

Owned Properties

As of the Latest Practicable Date, we had obtained the state-owned land use right for three parcels of land. Among which, two parcels of land, each with a site area of 9,413.37 square metres and 9,343.89 square metres respectively, are used for the construction of employee dormitories and canteens. As of the Latest Practicable Date, we had not obtained property ownership certificates for the buildings built on these one parcel of land, which are mainly employee dormitories and canteens with a total gross floor area of approximately 4,610.75 square metres. Given that (i) none of these buildings is material to our operations and production, (ii) we are in the process of applying for the property ownership certificates for such buildings and (iii) as advised by our PRC Legal Adviser, it is unlikely that the Group will be subject to administrative penalties from the relevant competent authority for not obtaining the property ownership certificates for our owned buildings, the Directors and our PRC Legal Adviser are of the view that the above title defects would not materially and adversely affect our business. The third parcel of land with a site area of 66,645.5 square metres is for our feed mill factory which is under construction. The total site area of the state-owned land use right is 85,402.76 square metres.

As of 30 June 2022, we had no single property with a carrying amount of 15% or more of our total assets. Therefore, we are not required to include a property valuation report in this prospectus.

Leased Properties

Leased Land

As of the Latest Practicable Date, we contractually leased three parcels of state-owned land with a total area of approximately 6,307 mu and 11 parcels of collectively-owned land with a total area of approximately 16,244 mu, which are mainly used as our dairy farms, beef cattle feedlots and two additional sites for future construction of Pure Source Farm 3 and Pure Source Farm 4. We have also leased land with a total area of approximately 151,482 mu (excluding certain leased land used for plantation fields of Pure Source Farm 3 and Pure Source Farm 4, the lease area of which is yet to be finalised), which are mainly used as forage grass plantation fields.

As of the Latest Practicable Date, we had not obtained from the lessors or the contractees certain supporting documents evidencing the completion of contracting or leasing procedures for several parcels of collectively-owned land leased or contracted by us. These documents mainly include consent from not less than two-thirds of the members of villagers assembly or of the representatives of the villagers or the authorisation or consent documents from the villagers or farmer-households concerned. Due to the complicated pre-circulation procedures for these leased land, which involved a large number of supporting documents evidencing the completion of contracting or leasing procedures for these leased land, the lessors or contractees were unable to keep all these rural archives in a systematic and standardised manner and were unable to provide all these supporting documents to us. Such leased land are used for dairy farms and forage grass plantation and generated revenue of US$7.8 million, US$8.7 million, US$16.4 million and US$16.9 million for 2019, 2020, 2021 and the six months ended 30 June 2022, which contributed approximately 2.2%, 2.2%, 3.1% and 6.0% of our total revenue for the same periods. Excluding the leased land of Pure Source Dairy, such leased land with procedural defects has a total area of approximately 32,884 mu as of the Latest Practicable Date. We are not able to calculate the exact total area of leased land of Pure Source Dairy with procedural defects because some of the villagers authorisation documents for leased land of Pure Source Dairy do not specify the area. As of the Latest Practicable Date, we have received written confirmations from the relevant villagers' committees and governments at the town level for all the leased land of Pure Source Dairy with procedural defects, except for certain leased land used for plantation fields of Pure Source Farm 3 and Pure Source Farm 4, which the lessors are in the process of confirming the final lease area and collecting documents evidencing the completion of leasing procedures.

According to the relevant PRC laws and regulations, including the Rural Land Contracting Law of the PRC (中華人民共和國農村土地承包法), which came into effect on 1 March 2003 and was further amended on 29 December 2018, the Measures for the Administration of the Circulation of the Rural Land Contractual Management Right (農村土地承包經營權流轉管理辦法), which came into effect on 1 March 2005 and was replaced by the Measures for the Administration of the Circulation of the Rural Land Operation Right (農村土地經營權流轉管理辦法) on 1 March 2021, large-scale farming operators of livestock, such as us, are allowed to contract agricultural land from rural collective economic organisations or lease agricultural land from villagers who have the rural land contractual management rights. For us to contract land, consent from not less than two-thirds of the members of the villagers assembly or of the representatives of villagers and approval of the competent government at the township level must be obtained. For us to lease the lands that have already been contracted to relevant villagers, authorisation or consent documents from such villagers must also be obtained. If the lessors or the contractees did not fulfil such procedures and fail to rectify them, our use of the lands may be challenged and we may be required to identify alternative land and incur additional costs in doing so. The relevant PRC laws and regulations do not stipulate any administrative penalty on the lack of consent or authorisation documents from villagers for land contracting or land circulation. Therefore, as advised by our PRC Legal Adviser, it is unlikely that the Group will be subject to administrative monetary penalties from local government authorities.

As of the Latest Practicable Date, other than approximately 23,458 mu land used for forage grass plantation (representing approximately 13.5% of the Group's leased land), we received written confirmation from December 2020 to October 2022 from villagers' committees and governments at the town level concerned that the contracting or leasing procedures are fully and legally completed for all of the leased land with procedural defects, or the lessors are in the process of confirming the final lease area and collecting documents evidencing the completion of leasing procedures for certain leased land used for plantation fields of Pure Source Farm 3 and Pure Source Farm 4. Our PRC Legal Adviser confirmed that the relevant villager committees and town level governments, as the lessors or the contractees of the land lease agreements and as the responsible party or authority for rural land contracting and circulation, are entitled to issue the written confirmations concerned that the contracting or leasing procedures are fully and legally completed for some of the defective land, and that the likelihood of such written confirmations being challenged by higher-level regulatory government authorities is remote. The defects with such leased land have not affected the rent we have paid. Given that (i) as of the Latest Practicable Date, we have not received any complaints or claims affecting the lease and use of the above-mentioned lands, (ii) we have received written confirmation from villagers committees and governments at the town level concerned that the contracting or leasing procedures are fully and legally completed for the majority of the defective land, (iii) the leases for approximately 23,458 mu land used for forage grass plantation are not long term and are used for cropping purpose only, which are easy to be substituted, and (iv) in case we need to relocate, such relocation will not materially affect our production, our Directors and our PRC Legal Adviser are of the view that such defects are unlikely to have a material and adverse effect on the Group's operations.

EMPLOYEES

As of 30 June 2022, we had a total of 2,434 employees. The following table sets forth the number of our employees by function as of 30 June 2022:

Function	**Number of employees**
Management personnel	214
Administrative personnel	197
Technicians	113
Salespersons	4
Skilled workers	1,501
Housekeepers	405
Total	**2,434**

We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels. We provide regular training and reviews to our employees to continuously upgrade their skills in line with the industry trends and enhance their performance.

As required by PRC laws and regulations, we participate in housing provident fund and various employee social insurance plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. We are required under PRC laws and regulations to contribute to employee social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees. We made full contributions to our employees' social insurance funds in accordance with PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. We have obtained written confirmations from local social insurance administrative departments, being the Human Resource and Social Security Bureau and/or the Healthcare Security Bureau at the county level and above which are the competent local government authorities as confirmed by the Company's PRC Legal Adviser in January 2022 and February 2022 confirming that there were no shortfall of the contribution of the social insurance funds nor complaints regarding labour issues or violations of the relevant PRC laws and regulations in relation to social insurance funds.

During the Track Record Period, we did not make full housing provident funds contributions for our employees of certain PRC subsidiaries with a shortfall amount of RMB0.4 million as of 30 June 2022 as certain employees (i) were reluctant to contribute their portion of the housing provident funds; (ii) have housing provident funds made by local third parties or (iii) were still under probation.

According to the Regulation on the Administration of Housing Provident Funds (住房公積金管理條例), which took effect in April 1999, and was further amended in March 2019, if we fail to make adequate contribution to the employees' housing provident funds, the competent housing provident fund management centre may require us to pay the outstanding amounts within a prescribed time. If the required payment is not made within such prescribed time, an application may be made to the PRC courts for compulsory enforcement.

As of the Latest Practicable Date, we were in the process of implementing measures to rectify the non-compliance with housing provident fund requirements, which are expected to be completed by the first quarter of 2023, including communicating with the employees with a view to seeking their understanding and cooperation in complying with the applicable payment base, which also requires additional contributions from our employees. See "*– Legal Proceedings and Compliance – Enhanced internal control and remedial measures*" for details.

Most of our employees are part of labour unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or significant labour and management disputes that had a material adverse effect on our business.

LEGAL PROCEEDINGS AND COMPLIANCE

We are subject to legal proceedings, investigations and claims incidental to the conduct of our business from time to time. No member of our Group had been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance, as a whole, during the Track Record Period and up to the Latest Practicable Date.

Non-Compliance

Environmental protection inspection

We were not able to complete the environmental protection inspection as scheduled, primarily due to the delay in inspection caused by various preventive measures against the spread of COVID-19 in the region. Environmental protection inspection is legally required before the commencement of any production activities. In planning for the inspection, we were advised by the qualified third party inspector that a trial production for a reasonable period of time is necessary for them to collect the necessary data, particularly the waste discharge from the dairy farm and beef cattle feedlot, to issue the inspection report, which in turn is an essential component for the environmental protection inspection. Without fully appreciating that there was no clear statutory provision allowing for such trial production, we commenced trial production at the dairy farm and beef cattle feedlot of Chifeng AustAsia Tongxi Branch as we gradually completed the construction work.

We completed the entire construction of the dairy farm and beef cattle feedlot of Chifeng AustAsia Tongxi Branch in November 2021. The environmental inspection procedures were originally scheduled to be completed by January 2022, which took into consideration the time needed for an environmental inspection report to be issued by a qualified third party environmental inspector based on data collected throughout a reasonable period of trial production. However, due to the resurgence of the COVID-19 pandemic and the relevant preventive measures, the original timetable for completing the environmental inspection procedures was delayed. While we had taken into consideration the impact of the COVID-19 pandemic and potential delays, and devised a contingency plan, including active communication with the qualified third party inspector and the local government on scheduling and staffing, the evolving pandemic situation and relevant preventive measures made it difficult for us to complete our plan based on the original schedule. After verbal consultation in November 2020 with the officers at Aruhorqinqi Branch of the Chifeng Bureau of Environmental and Ecology (the competent local government authority as confirmed by our PRC Legal Adviser) where we informed them of the difficulties in completing the inspection before January 2022, such officers of the competent local government authority had no objections to us continuing to carry on our production activities at the dairy farm and beef cattle feedlot. We completed the environmental inspection procedure for our dairy farm and phase one of beef cattle feedlot of Chifeng AustAsia Tongxi Branch in June 2022 and expect to complete the environmental inspection procedure for phase two of our beef cattle feedlot by the end of January 2023.

As advised by our PRC Legal Adviser, in accordance with the *Administrative Regulations on Environmental Protection in Construction Projects* (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998, was amended on 16 July 2017, and took effect on 1 October 2017, where the environmental protection facilities have not undergone inspection before commencement of production, the competent environmental authorities may order the relevant entity to make correction within a stipulated period and impose a fine ranging from RMB0.2 million to RMB1 million; where correction is not made within the stipulated period, a fine ranging from RMB1 million to RMB2 million shall be imposed; where the construction project causes significant environmental pollution or ecological damage, the production or use shall be suspended, or the project shall be closed down upon approval by the relevant government authorities.

Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date, we had not received any rectification notice from or been imposed any administrative penalties by the competent government authorities in connection with such matter. In addition, during the Track Record Period and up to the Latest Practicable Date, there were no other farms that commenced production prior to completing the environmental protection inspection procedure.

Safety Incidents

DXAA and DYAB Incidents

On 29 July 2020, one employee of Dongying Xianhe AustAsia violated the refuelling safety procedures by leaving the vehicle at the refuelling area without putting the wheel stop. While the employee was trying to restart the vehicle, the handbrake failed and the vehicle rolled backwards and another employee, who was not supposed to be standing at the gas station platform according to the refuelling safety procedures, was hit by the vehicle and suffered fatal injuries and subsequently died ("**DXAA incident**"). On 20 August 2021, two employees of Dongying AustAsia Beef violated the operating procedures by failing to close the biogas drainage valves before entering the biogas drainage well for operation. Subsequently the two employees inhaled a fatal amount of biogas accumulated in the well ("**DYAB incident**").

For each incident, based on the Group's internal investigation, it was found that the direct cause was the employees' violation of rules of operation and, in the case of the DXAA incident, the failure of vehicle handbrake, while the indirect cause was primarily the relevant PRC subsidiary's negligence in implementing relevant safety management system, insufficient effective safety supervision and risk screening and insufficient safety training. Under the relevant PRC laws and regulations, the government authority is required to complete its investigation before issuing the final administrative decision. The Group's finding for the DYAB incident is supported by the report of an investigation committee published by the government authority. The local government has not published the investigation report for the DXAA incident as of the Latest Practicable Date. Given that DXAA has subsequently received the administrative decision from the government authority in June 2021, the investigation of the DXAA Incident by the competent authority would have been completed by then. The two incidents were each categorised as a general accident (一般事故) based on the degree of the personal injury or death under the Work Safety Law of the PRC (中華人民共和國安全生產法), and the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例), and each of Dongying Xianhe AustAsia and Dongying AustAsia Beef, as the responsible business entity, received an administrative fine of RMB490,000 from Dongying Hekou District Emergency Management Bureau. See "*Appendix III – Regulatory Overview and Taxation*" for more details on the categorisation of the work safety incidents. None of the Directors was fined or reprimanded as a result of the two incidents by Dongying Hekou District Emergency Management Bureau.

Under the relevant PRC regulations, a general accident (一般事故) should be investigated by the government at the county level of the place of the accident. The local government may directly, or entrust the relevant authorities to, set up an investigation committee. During the investigation of the DYAB incident, the local people's government of Dongying Hekou District set up an investigation committee, which consisted of members from the local agriculture and rural area bureau, public security bureau, animal husbandry development service centre, emergency management bureau, and representatives from labour union. The investigation committee also engaged three experts to assist in the investigation, and concluded that the direct cause for the DYAB incident was the employees' violation of rules of operation while the indirect cause was primarily the relevant PRC subsidiary's negligence in implementing relevant safety management system, insufficient effective safety supervision and risk screening, failure to revise the emergency rescue plan for safety accidents and insufficient safety training. In addition to the above background facts, findings of the direct and indirect causes, and nature of the incident, the investigation committee included in its report certain recommendations on administrative penalties to be imposed and rectification measures to be implemented. The investigation committee for the DYAB incident recommended the following recommendations in terms of liability and administrative fines:

(a) the legal representative of Dongying AustAsia Beef, being Edgar Collins (a Director), be found liable for the incident and be imposed an administrative fine;

(b) certain management of Dongying AustAsia Beef, including the farm manager, the deputy head of the Safety and Health Department, the head of the Biogas Equipment Department, the Deputy Manager and the head of the Manure Biogas Department, each found liable for the incident and be imposed an administrative fine; and

(c) Dongying AustAsia Beef be imposed an administrative fine.

As advised by our PRC Legal Adviser, such recommendations by the investigation committee were not conclusive or legally binding on Dongying AustAsia Beef. Dongying Hekou District Emergency Management Bureau, the competent local authority as confirmed by our PRC Legal Adviser, adopted the recommendations (b)-(c) set out in the investigation report but did not adopt the recommendation that the legal representative of Dongying AustAsia Beef, being Mr. Edgar Collins (a Director), be found liable for the incident and be imposed an administrative fine, when issuing the final administrative decisions.

As of the Latest Practicable Date, both Dongying Xianhe Austasia and Dongying AustAsia Beef had paid the administrative fine in full and made separate payments to the families of the deceased employees.

On 19 March 2022, Dongying Hekou District Emergency Management Bureau, the competent local authority as confirmed by our PRC Legal Adviser, issued written confirmations confirming that both Dongying Xianhe AustAsia and Dongying AustAsia Beef (i) did not experience any relatively major safety accidents (較大事故) or safety accidents which are more serious (including major safety accidents (重大事故) and particularly major safety accidents (特別重大事故)), each as defined under the Work Safety Law of the PRC (中華人民共和國安全生產法), since 1 January 2019, and (ii) had not been subject to any administrative penalties for any relatively major safety accidents (較大事故) or safety accidents which are more serious (including major safety accidents (重大事故) and particularly major safety accidents (特別重大事故)), each as defined under the Work Safety Law of the PRC (中華人民共和國安全生產法), since 1 January 2019. Our PRC Legal Adviser is of the view that, in view of the principle against double jeopardy, it is unlikely Dongying Xianhe AustAsia and Dongying AustAsia Beef will be further penalised due to such incidents in the future, and that the likelihood of such confirmations being challenged by higher-level government authorities is remote.

Tai'an Incident

On 30 December 2017, an employee of Tai'an AustAsia did not follow the proper operation procedure by trying to fix the vehicle accelerator without pulling the handbrake or shutting down the engine. As a result, the employee was hit by the vehicle and suffered fatal injuries ("**Tai'an incident**"). Due to the nature of such incident, the dairy farm manager of Tai'an AustAsia considered this incident to be a car accident instead of a workplace safety accident and reported this incident as a car accident to the Company's directors and management. As a result of the misinterpretation of the nature of the Tai'an incident (being classified as a car accident) and relevant reporting requirements under PRC work safety laws and regulations (which only requires a work place safety accident to be reported), the dairy farm manager of Tai'an AustAsia did not report the Tai'an incident to the local emergency management authority.

During the Track Record Period, other than the incident set forth below, Tai'an AustAsia did not receive any administrative order or penalty in relation to the Tai'an incident. On 16 May 2022, Feicheng Emergency Management Bureau, the competent local authority as confirmed by our PRC Legal Adviser, issued a written confirmation confirming that Tai'an AustAsia did not experience any relatively major safety accidents (較大事故) or safety accidents which are more serious (including major safety accidents (重大事故) and particularly major safety accidents (特別重大事故)), and Tai'an AustAsia had not had any material violation of laws and regulations relating to work safety, and Tai'an AustAsia had not received any material administrative penalty from the Feicheng Emergency Management Bureau since 2018.

In early 2022, in conjunction with a review of historical safety incidents as part of a regional inspection that occur on a normal and regular basis and also covered other enterprises outside the Group, Feicheng Emergency Management Bureau found that the dairy farm manager of Tai'an AustAsia failed to promptly report the Tai'an incident pursuant to the Work Safety Law of the PRC (中華人民共和國安全生產法) and the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例). On 29 April 2022, Tai'an AustAsia received an administrative fine of RMB1.5 million from Feicheng Emergency Management Bureau, and subsequently paid the fine in full on 11 May 2022. The Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例) provide that an entity will be subject to an administrative fine in the range of RMB1 million to RMB5 million for a failure to report a work safety accident, while the then effective Work Safety Law of the PRC (中華人民共和國安全生產法), which was in force when the Tai'an incident occurred, provides that the range of administrative fine that could be imposed on an entity where a general safety incident occurs was RMB200,000 to RMB500,000. The administrative fine of RMB1.5 million imposed on Tai'an AustAsia was based on a combination of the aforementioned regulations. Our PRC Legal Adviser is of the view that the Tai'an incident should be categorised as a general accident (一般事故) based on the degree of the personal injury or death pursuant to the Work Safety Law of the PRC (中華人民共和國安全生產法) and the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例), and it is unlikely that Tai'an AustAsia will be subject to further penalty due to such incident in the future.

After such incidents, we have taken further steps to (i) enhance safety awareness among the employees by conducting regular trainings on related laws and regulations, reporting requirements and procedures, and internal guidelines and procedures on safety of operation, (ii) hold monthly internal meetings to monitor and discuss safety issues, (iii) assign one designated on-site supervision and inspection personnel for each farm and beef cattle feedlot, (iv) enhance risk classification control and investigation of potential risk and (v) revise the emergency rescue plan for safety accidents. See "– *Non-compliance – Enhanced Internal Control and Remedial Measures*" for details. After considering the enhanced internal controls and remedial measures implemented by the Group, the Directors are of the view that the Group has adequate procedures in place to oversee and ensure the proper reporting of workplace accidents in accordance with the relevant PRC laws and regulations.

Despatched workers

During the Track Record Period and up to the Latest Practicable Date, we have employed workers through third-party despatched labour agencies in China. Most of the despatched workers provide support services such as cleaning and feeding. The labour despatch arrangement enables us meet our operation needs by maintaining a sufficient and flexible level of labour force for those support and substitutable positions while saving us the time and resources involved in the recruitment process. According to the Interim Provisions on Labour Despatch (勞務派遣暫行規定), which took effect in March 2014, and the PRC Labour Contract Law (中華人民共和國勞動合同法), which was promulgated in June 2007, and further amended in December 2012 with effect from July 2013, the number of despatched workers an employer uses may not exceed 10% of its total labour force. As of 31 December 2019, 2020 and 2021, four, three, and two of our PRC subsidiaries had not complied with the requirement on the maximum number of despatched workers, each slightly exceeding 10% of its total labour force. As of 31 December 2019, 2020 and 2021 and 30 June 2022, the number of the Group's despatched workers exceeding the maximum number allowed under the PRC law was 15, 31, 7 and 0, respectively.

As advised by our PRC Legal Adviser, a company which is not compliant with the labour despatch requirement may not employ new despatched workers, and may be ordered by the relevant authorities to rectify such non-compliance within a prescribed period. If rectification is not completed within the prescribed period, the company may be subject to a fine ranging from RMB5,000 to RMB10,000 for each despatched worker in excess of the maximum limit. As of 30 June 2022, the two PRC subsidiaries had reduced the number of despatched workers and are in compliance with the labour despatch requirement.

We have also received written confirmations from the relevant human resources and social security administration in January 2022 and February 2022 that there were no complaints regarding labour issues or administrative penalties imposed against these PRC subsidiaries in connection with the use of despatched workers since 1 January 2019. Our PRC Legal Adviser confirmed that the relevant local labour administrative departments are competent authorities to issue the above written confirmations, and that the likelihood of such confirmations being challenged by higher-level government authorities is remote.

On the basis that (i) a fine may be imposed on a company which does not comply with the labour despatch requirement if it fails to rectify such non-compliance within a prescribed period, (ii) the Group's historical non-compliances have been rectified, and (iii) the Group has received written confirmations from the relevant competent authorities that there were no administrative penalties imposed against the relevant PRC subsidiaries in connection with the use of despatched workers since 1 January 2019, the Company's PRC Legal Adviser has confirmed that the likelihood the Group will be imposed a penalty for its historical non-compliance in connection with the use of despatched workers is remote.

Enhanced internal control and remedial measures

In response to the non-compliance incidents and the past workplace accidents, we implemented the following enhanced internal control and remedial measures to ensure strict compliance with the relevant laws and regulations and prevent the recurrence of material non-compliance and safety incidents:

Environmental protection inspection

- We have adopted policies and procedures regarding the management of new projects, including compliance with the requirements of applicable environmental laws and regulations, obtaining the necessary licences, certificates, approvals and permits before commencing construction and operations since April 2022;

- In addition to obtaining legal advice during the ordinary course of our business on an as-needed basis, since April 2022, we have adopted a policy to engage our PRC legal adviser to review all the necessary licences and approvals before each project can commence; and

- We will consult our PRC legal adviser on a regular basis for advice on the relevant PRC laws and regulations to keep us up to date of relevant regulatory developments.

Safety incidents

- We have implemented enhanced work health and safety related policies and procedures in relation to workplace safety since December 2017, which are amended and supplemented from time to time. Such policies and procedures cover various aspects of workplace safety, including safety training, management of safety incidents, government filings and reporting, management of hazardous chemicals, personnel protections, occupational health, and high risk operations, emergency plan drill, roles and responsibility of safety personnel, management of safety signs, inspection and maintenance of safety facilities, use of forklifts, and safety management during silage harvest;

- We have enhanced the risk identification and classification control, which includes identifying and addressing unsafe actions in the workplace since July 2018;

- We have enhanced the reporting and investigation requirements and procedures of work-related injuries since January 2018, which require each occurrence, including the type and classification of each incident to be reported to our internal health and safety department for consolidation and monitoring;

- We have provided and will provide regular training to our employees on our internal guidelines and procedures on safety of operations to enhance safety awareness among the employees, and will keep our employees informed of the relevant laws and regulations. We have amended our relevant policies since September 2021 to strengthen our safety training programmes, which require, among others things, (i) the attendance of the chairman of the board of directors, the general manager and safety management personnel of each subsidiary in the training programmes and (ii) the passing of exams by new employees and issuance of qualification certificates to new employees upon the completion of the training;

- We have set up a health and safety committee for each farm since December 2017, which consists of farm manager, assistant farm manager, supervisors and employee representatives from each department, and one on-site supervision and inspection personnel at each farm is assigned to monitor and check the safety of our day-to-day operations and facilities. Internal meetings are held every month to discuss any safety issues since December 2017, and we have enhanced the effectiveness of the monthly safety meeting by reiterating more detailed requirements during such meetings since November 2021; and

- We have also established requirement for our employees to sign work safety undertakings since November 2021, which set forth their duties and responsibilities relating to work safety.

Despatched workers

- We have adopted internal policies since March 2022 to require our human resources department to monitor the ratio of despatched workers on a monthly basis and ensure that the ratio is within the 10% cap;

- We have also set up policies and procedures since March 2022 to verify the background of despatched labour agencies, terms and conditions that should be included in the agreement, positions and recruitment requirement for despatched workers, and detailed management procedures; and

- We will consult our PRC legal adviser to check the ratio before the engagement of despatched workers, to ensure that the overall number of despatched workers will not exceed the maximum number allowed under the relevant regulations from time to time.

Social insurance and housing provident funds contributions

- We have enhanced our human resources management policies since June 2022, covering determination and calculation of the base salary for contribution, contribution rate, types of employees that should be included for contribution, which also explicitly require social insurance and housing provident fund contributions to be made in full in accordance with applicable local requirements;

- We are in the process of communicating with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base for housing provident funds, which also requires additional contributions from our employees;

- Our human resources department reviews and monitors the reporting and contributions of social insurance and housing provident fund; and

- We will consult our PRC legal adviser on a regular basis for advice on relevant PRC laws and regulations to keep us up to date of relevant regulatory developments.

In preparation for the Listing, we engaged our internal control consultant to perform an internal control assessment, the scope of which covers control environment, risk assessment, control activities, information and communication, monitoring, risk management, production and workplace safety, environmental protection and occupational health management, sales, accounts receivable and collection, procurement, accounts payable and payment, human resources and payroll, research, development and intangible assets, fixed assets, inventory management, cash and treasury management, insurance, investment management, financial reporting and disclosure control, related party transaction, tax, and IT general controls. During the internal control assessment undertaken for the Listing purpose, the internal control consultant reviewed the above internal control policies, procedures and measures in relation to the above scope and did not identify any material deficiencies during the assessment. The internal control consultant also performed a follow-up review to review the status of actions taken by us to address the findings of the internal control assessment. Those rectifications to enhanced internal control measures were completed in March 2022, and the internal control consultant did not have any further recommendations in the follow-up review. For further details regarding the internal control assessment, see "– *Risk Management and Internal Controls*". Having considered (i) the nature and reasons for the non-compliance and safety incidents above, including the fact that the number of safety incidents increased at a slower pace than the scale of our operation, (ii) the enhanced internal control measures and remedial actions implemented by us, and (iii) the findings of the internal control consultant which did not identify any material deficiencies, the Directors are of the view that our enhanced internal control measures are adequate and effective to prevent the recurrence of material non-compliance and safety incidents going forward.

The Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) discussing with the senior management of the Company to understand (a) the reasons for, the background and the circumstances of the non-compliance and safety incidents, (b) the Company's rectification measures for the non-compliance and safety incidents, (c) that the Company has further strengthened its internal control management in relation to, among others, risk management systems and labour management systems with reference to the findings and recommendations from the internal control consultant engaged by the Company; and (d) the fact that the number of safety incidents increased at a slower pace than the scale of the Group's operations; (ii) discussing with the internal control consultant of the Company on the enhanced internal control measures implemented by the Company; (iii) obtaining and reviewing the internal control policies of the Company; and (iv) discussing with the Company's PRC Legal Adviser who confirmed that the Company has obtained all necessary material permits and licences that were material to its operations. Based on the above, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to disagree with the Directors' view on the adequacy of the Company's enhanced internal control measures.

Suitability

As of the Latest Practicable Date, save as disclosed above, our Directors confirm that we had not been subject to any fine, request for suspension of production or confiscation of any income or products from competent authorities with respect to the non-compliance incidents and work safety accidents disclosed above, and the non-compliance incidents and work safety accidents have not had any material impact on the business operations and financial position of the Group after taking into consideration the Group's business and scale of operations. None of our Directors was found to be personally liable for those accidents in any administrative decisions or fined or reprimanded as a result of the non-compliance incidents or work safety accidents by the relevant government authorities.

After considering the above enhanced internal control and remedial measures implemented by the Company, the Directors are of the view that the incidents described above do not have any material impact on the suitability of the Directors under Rules 3.08 and 3.09 of the Listing Rules on the basis that (i) the incidents described above were not due to any fraudulent or dishonest conduct on the part of any Director,

(ii) none of the Directors acted for an improper purpose, (iii) with respect to the DYAB incident disclosed in "– *Legal Proceedings and Compliance – Non-Compliance – Safety Incidents*" above, our PRC Legal Adviser advised that (a) the recommendations of the investigation committee are non-binding on the Company, the Directors and the Dongying Hekou District Emergency Management Bureau and (b) the Dongying Hekou District Emergency Management Bureau, being the competent authority to issue the administrative decision, has not imposed any finding of liability or fine on any Director with respect to the DYAB incident, (iv) the advice given by our PRC Legal Adviser that none of the non-compliance incidents and work safety accidents had any material impact on the business operations and financial position of the Company after taking into consideration the Group's business and scale of operations, (v) since the implementation of the enhanced internal control measures and up to the Latest Practicable Date, there has been no material non-compliance of applicable laws and regulations by the Group or the occurence of any serious safety incident in relation to the Group's operations, except for the incidents disclosed in "– *Legal Proceedings and Compliance – Non-Compliance – Safety Incidents*" above and (vi) the Directors have received relevant training and are aware of the requirements and obligations which are applicable to directors of a listed issuer pursuant to the Listing Rules.

Based on the above, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to disagree with the Directors' view on the suitability of the Directors to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules.

LICENCES, REGULATORY APPROVALS AND CERTIFICATES

Save for the non-compliance incidents disclosed above, as advised by our PRC Legal Adviser, our Group has been in compliance with all relevant PRC laws and regulations in all material respects and has obtained all necessary material licences, approvals and permits from the relevant regulatory authorities in respect of our operations in the PRC during the Track Record Period and up to the Latest Practicable Date, including Raw Milk Purchase Permits (生鮮乳收購許可證), Animal Epidemic Prevention Certificate (動物防疫條件合格證), Licence for the Production and Business Operation of Breeding Stock and Poultry (種畜禽生產經營許可證) and Water Intake Licence (取水許可證).

RISK MANAGEMENT AND INTERNAL CONTROLS

We are exposed to various risks during our business operations. For more details, see "*Risk Factors*". We have established risk management systems consisting of appropriate policies and procedures, and we continue to improve these systems. We have adopted, among other things, the following risk management measures:

(i) Our Board is responsible for monitoring our internal control system, reviewing its effectiveness, and maintaining the Company's risk at an appropriate and effective level. A review of the Group's risk management and internal control system has been conducted and will be conducted at least annually, which will include a review of all material controls, including financial, operational and compliance controls;

(ii) Our audit department is responsible for the evaluation of the risks faced by the Company on an annual basis, and prepares a risk assessment report based on the evaluation results and submits it to the audit committee and the Board for approval;

(iii) We require all departments to proactively identify the risks they face and various internal and external factors that affect the occurrence of the risks; and

(iv) We will engage external professional advisors, where necessary, and work with our internal audit and legal team to conduct regular review to ensure the effectiveness of all registrations, licences, permits, filings and approvals.

During the review by our independent internal control consultant, certain deficiencies were identified and we have adopted the appropriate internal control measures to improve such deficiencies. Set forth below are details of certain deficiencies identified and the corresponding remedial measures which we have implemented:

- *Investment and financing management*. The internal control consultant had identified that we did not have in place formal policies and record-keeping procedures with respect to making investing and financing decisions (such as feasibility studies and approval records). To rectify such deficiencies, we had put in place the relevant policies relating to corporate governance, which set out the requirement for investment and financing management.

- *Contract management*. We did not have formal written policies and procedures which provide clear guidance on the internal review and approval of contracts before the contracts were signed. To rectify such deficiencies, we have adopted the relevant contract management policies and procedures.

- *Despatched workers management*. We did not have formal written policies and procedures which provided clear guidance on the selection, management and compliance of despatched workers. We have adopted the relevant policies to ensure our use and management of despatched workers are in compliance with the relevant PRC law.

We had adopted substantially all of the recommendations made by the independent internal control consultant and have improved our internal control system to comply with the Listing Rules.

Except as described in the above, our Directors are not aware of any material internal control weaknesses or incidents during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We believe that our insurance coverage in place as of the Latest Practicable Date is adequate and is in line with customary industry practice. We have insurance for our cattle over 3 months against losses caused by deaths due to diseases, accidents, and natural disasters. Upon the occurrence of an insurable event, the maximum compensation under the insurance would generally cover some of our costs to purchase a replacement heifer. We also maintain insurance coverage for our main production facilities and equipment. Additionally, we carry product liability insurance for our branded milk products. We also maintain sufficient insurance for potential liabilities arising from work-related accidents and injuries, and mandatory social security insurance for our employees in China pursuant to PRC laws and make contributions to mandatory social security funds for our employees. During the Track Record Period and up to the Latest Practicable Date, we had not made any significant claims under these insurance, nor experienced any material difficulties in renewing our insurance.

AWARDS AND RECOGNITION

During the Track Record Period, we have received awards and recognitions for the quality of our products and popularity of our brand. Our major awards and recognitions are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority
National Dairy Cows Core Breeding Farm (國家奶牛核心育種場)	2018	Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部)
Brucellosis-Free and Bovine Tuberculosis-Free Dairy Cow Community (奶牛免疫無布魯氏菌病小區以及奶牛無牛結核病小區)	2022	Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部)
Shandong Provincial Ranch of Breeding Livestock, Poultry and Bovine Tuberculosis Purification (山東省級種畜禽牛結核病淨化創建場)	2020	Shandong Animal Husbandry and Veterinary Bureau (山東省畜牧獸醫局)
Shandong Ranch of Bovine Tuberculosis Purification (山東省牛結核病淨化場)	2020	Shandong Animal Husbandry and Veterinary Bureau (山東省畜牧獸醫局)

RESPONSE TO COVID-19

The COVID-19 pandemic resulted in widespread and prolonged lockdowns throughout China since 2020, causing increases in the transport cost of our supplies. However, the COVID-19 pandemic did not have an adverse material effect on our supply chains. We also implemented a number of measures focused on the health and safety of our workforce. In line with the guidelines and protocols recommended by provincial and local governments, we have implemented provision of daily masks and mandatory temperature check our employees at the dairy farms and beef cattle feedlots.

*The following discussion of our financial condition and results of operations should be read in conjunction with our historical financial information and the accompanying notes of the Group included as Appendix I to this prospectus. The historical financial information included as Appendix I has been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").*

The discussion and analysis of financial information in this section may contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including the sections headed "Risk Factors" and "Business".

For the purpose of this section, unless the context otherwise requires or unless otherwise indicated, references to 2019, 2020, 2021 refer to the financial years ended 31 December of such years.

OVERVIEW

We are one of the top five dairy farm operators in China, providing premium raw milk to a well-diversified customer base of downstream dairy product manufacturers. We derived our revenues from (i) raw milk business: the production and sales of raw milk, (ii) beef cattle business: the raising and sales of beef cattle, and (iii) ancillary business: the sales of branded milk products.

We are the first dairy farm operator in China to design, build and operate large-scale and standardised dairy farms with over 10,000 heads of dairy cows, according to Frost & Sullivan. In June 2021, we acquired Falcon Dairy Holdings Limited, the parent of Pure Source Dairy, which owned two dairy farms in Shandong ("**Pure Source dairy farms**") and two additional sites of land in Shandong. As of the Latest Practicable Date, we owned and operated ten dairy farms in China, with an aggregate gross land area of approximately 14,657 mu. As of 30 June 2022, we had a total herd size of 111,424 heads of dairy cows, 57,383 of which were milkable cows.

We have achieved and consistently maintain high operational efficiency and product quality. According to Frost & Sullivan, we have been ranked No. 1 in China in terms of average milk yield per milkable cow, the key indicator of the productivity and efficiency of dairy farms, for seven consecutive years from 2015 to 2021. In 2021, our annualised average milk yield per milkable cow reached 12.7 tons/year, far exceeding the industry average of 8.7 tons/year and the average of the top five dairy farm operators in terms of annualised average milk yield per milkable cow in China of 11.5 tons/year.

We have established an integrated and synergistic business model. Driven by the increasing demand for beef in China, we have developed our beef cattle business in China since 2018. As of 30 June 2022, we owned and operated two large-scale beef cattle feedlots in China with 28,152 heads of beef cattle, 26,566 of which were Holstein beef cattle. According to Frost & Sullivan, we were the eleventh largest beef cattle farming company in China in terms of the number of beef cattle in 2021.

We have experienced rapid growth over the Track Record Period. The increase in China's milk consumption and the emergence of new dairy brands in recent years has driven demand for premium dairy products and quality raw milk supply. In addition, the increased demand for beef in China has driven demand for our beef cattle. Our revenue from continuing operations increased from US$351.5 million in 2019 to US$521.9 million in 2021, representing a CAGR of 21.9%, and increased by 15.4% from US$241.2 million in the six months ended 30 June 2021 to US$278.3 million in the six months ended 30 June 2022. Our EBITDA from continuing operations, a non-IFRS measure, was US$104.4 million, US$130.4 million, US$149.9 million, US$99.2 million and US$57.8 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Our net profit from continuing operations was US$74.6 million, US$99.1 million, US$104.6 million, US$80.0 million and US$29.8 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. Our adjusted net profit, a non-IFRS measure, was US$75.5 million, US$104.0 million, US$120.6 million, US$85.9 million and US$41.3 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. See "*Financial Information – Non-IFRS Financial Measures*".

BASIS OF PREPARATION

In January 2019, we acquired 100% equity interest of AIH2 from Japfa. In April 2020, we acquired 100% equity interest of Dongying AustAsia Beef from Japfa China Investments Pte. Ltd., a subsidiary fully controlled by Japfa. See "*History and Corporate Structure*" for further details. Since the Group, AIH2 and Dongying AustAsia Beef are under common control of Japfa, our acquisition of AIH2 and Dongying AustAsia Beef had been accounted for as a combination of entities under common control with the pooling of interest method applied as if such acquisition had been completed at the date when the Group, AIH2 and Dongying AustAsia Beef came under the common control of the ultimate holding company. The assets and liabilities of AIH2 and Dongying AustAsia Beef were included using the existing book values from the ultimate holding company's perspective. No adjustments were made to reflect fair value or recognise any new assets or liabilities as a result of such acquisition. The results and cash flow of AIH2 and Dongying AustAsia Beef were included since the date when AIH2, Dongying AustAsia Beef and the Group came under common control of the ultimate holding company. The contribution from the ultimate holding company to AIH2 and Dongying AustAsia Beef and the consideration paid for the acquisition of AIH2 and Dongying AustAsia Beef are accounted for as an equity transaction in merger reserve in the consolidated statement of changes in equity. All intra-group transactions and balances have been eliminated on consolidation.

In April 2020, we restructured our dairy business by disposing our entire interest in GDS, which were certain wholly-owned subsidiaries operating the South East Asia business, to Japfa. During the Track Record Period, GDS was classified as a discontinued operation and the business is not included in the note for operating segment information. The consideration amounting to US$71.6 million was settled via capital reduction in the Company's share capital during 2020. See "*– Description of Major Components of Our Results of Operations – Discontinued Operation*" and Note 12 to the Accountants' Report included in Appendix I to this prospectus for further details.

The historical financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). The historical financial information has been prepared under the historical cost convention, except for derivative financial instruments, biological assets and equity investment designated at fair value through other comprehensive income which have been measured at fair value. See Note 2.4 to the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Herd Size and Quality

We believe our long-term growth depends largely on our ability to expand our herd size and optimise our herd quality. We were one of the pioneers to use genetic breeding technology in China's dairy industry to improve our herd quality. According to Frost & Sullivan, we were among the first to implement IVF and ET technology in our dairy farms. Compared to the common industry practice of relying frozen bovine semen, the use of IVF technology can significantly shorten generation interval, effectively increase pregnancy rates, optimise genetic traits and productivity of dairy cows.

In addition, our beef cattle business operates synergistically with our raw milk business. All of our beef cattle are from our dairy farms. We have been driving the sustainable growth of our business model as we continue optimising our dairy herd quality to develop our beef cattle business. By using steers from our dairy herd for our beef cattle stock, we are also able to improve the genetic traits and healthy conditions of our beef cattle herd.

Leveraging our advanced breeding technology, the size of our dairy cows and beef cattle herds expanded significantly during the Track Record Period, which contributed to the growth of our raw milk business and beef cattle business. Our dairy herd size (from continuing operations) increased by 29.5% while our beef cattle herd size increased by 64.8% during the Track Record Period.

The following table presents the number of our dairy and beef cattle herds during the Track Record Period:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
		(head)		
Dairy cow herd	101,770[1]	91,779	106,174	111,424
– Milkable cows	54,225[2]	46,680	53,735	57,383
Beef cattle herd	17,086	19,386	25,414	28,152
– Finishers	3,821	5,374	7,378	9,650

Notes:

(1) Including 15,730 dairy cows from the discontinued operation.

(2) Including 8,939 milkable cows from the discontinued operation.

Average Milk Yield per Milkable Cow

Our operating results are directly affected by our average milk yield per milkable cow, which is the key indicator of the productivity and efficiency of dairy farms. Milk yield is affected by a number of factors, including a cow's stage of lactation, breed, gene, feed and health, as well as the geographic location, climatic conditions and the management of the dairy farms. Three of our dairy farms are located within the "Golden Raw Milk Belt" in Inner Mongolia and enjoy favourable climates and approximate to high quality feed material. We have also taken a number of steps to improve our average milk yield per milkable cow, including:

- improving the genetic quality of our herds with our genetic improvement programme;

- optimising the nutrition intake for our dairy cows through precision feeding and real-time monitoring;
- scientific design and standardised management of our large-scale dairy farms with advanced equipment and systems;
- maintenance of comfortable living environment for our dairy cows;
- regular and systematic culling of milkable cows with low yields to improve our herds; and
- implementing strict disease control measures.

Benefiting from the foregoing measures, we have achieved an industry-leading average milk yield per milkable cow in China. According to Frost & Sullivan, we have been ranked No. 1 in China in terms of average milk yield per milkable cow for seven consecutive years from 2015 to 2021. In 2021, our annualised average milk yield per milkable cow reached 12.7 tons/year, far exceeding the industry average of 8.7 tons/year and the average for the top five dairy farm operators in China of 11.5 tons/year. In terms of individual dairy farm ranking in 2019, 2020 and 2021, we had six, seven and five dairy farms, respectively, ranked among the top ten large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow, according to Frost & Sullivan. We will continue to optimise our dairy farm operations, which is expected to further improve the average milk yield per milkable cow.

Product Pricing

Our growth in revenues and profitability during the Track Record Period was partially attributable to the increase in the average selling prices of our raw milk and beef cattle.

- *Raw milk*. The selling prices of our raw milk are generally determined based on quality indicators (such as the protein content) as well as prevailing market prices. During the Track Record Period, our raw milk was sold at a premium to the market average selling prices primarily due to the consistently higher quality of our raw milk. Our raw milk quality has continuously surpassed market standards as measured by the key quality indicators. Given the increasing feeds price and the rising demand for high-end dairy products, we expect the average selling price of our raw milk to continue to increase or remain stable in the next one to two years, which is line with the industry outlook, according to Frost & Sullivan. In addition, our Controlling Shareholders are not among our downstream customers, which enables us to have greater flexibility in the pricing of our raw milk. We have a diverse customer base, ranging from leading national and regional dairy product manufacturers (including Mengniu (蒙牛), Bright Dairy (光明), Meiji (明治), New Hope Dairy (新希望乳業), Junlebao (君樂寶), Jiabao (佳寶) and Classykiss (卡士)), to emerging brands (such as Chi Forest (元氣森林) and Honest Dairy (簡愛)). In 2021, our largest customer and top five customers in that year accounted for 27.4% and 65.7% of our total revenue from continuing operations, respectively, which are lower than the average of the other top five peers of 76.5% and 85.7%, according to Frost & Sullivan.

- *Beef cattle*. The selling prices of our beef cattle are results from our negotiations with customers taking into account quality and current market prices. We typically negotiate and set the selling prices of our beef cattle monthly.

Cost Management and Operational Efficiencies

The profitability of our business depends largely on our ability to effectively control costs and enhance operational efficiency. We require a substantial amount of raw materials, and a continuous and stable supply of raw materials that meet our requirements and quality standards to support our operations. Our raw materials are mainly feed and feed additives. Our feed primarily include silage (mainly made from corn and alfalfa), forage grass (primarily alfalfa and oat hay), corn and soybean-based products. Our feeding costs accounted for 70.9%, 73.3%, 71.7%, 70.3% and 72.9% of our cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. As with most agricultural products, the cost and available supply of our feed are generally subject to market conditions, which may be affected by a number of factors over which we have limited or no control. For example, the ongoing conflict between Russia and Ukraine, which are major producers of agricultural products, has resulted in an increase in the prices of certain commodities. If such increases persist and affect the raw materials that we require for our business, our cost of sales could increase, which will in turn negatively affect our profitability going forward.

Although we grow a portion of our crops around our own farms, we currently purchase the majority of our feed from third-party suppliers. We have adopted various measures to mitigate the impact of fluctuations in feed prices, including flexibility to adjust feed formula while adhering to nutritional standards, diversifying our feed ingredients so that the price fluctuation of one ingredient would not exert material impact on our feeding costs, and maintaining diversified supply channels. In particular, in view of the rise in feed ingredients price in recent years, we aim to actively manage our feeding costs and inventory. We have been sourcing feed from a number of suppliers who offer diverse and high-quality forage grass in China and overseas.

In addition, alongside our dual capacity and synergies to operate both raw milk business and beef cattle business, we have been leveraging our economies of scale and integrated farming model to increase productivity, enhance bargaining power over our source suppliers, reduce operating costs, and thus achieve higher operation efficiency. We have been optimising our farm design and operating procedures for our large-scale dairy farms, aiming to improve production efficiency and reduce unit production cost through highly automated production processes, and to ensure consistent product quality through real-time monitoring and precise control of the entire production process. As of 30 June 2022, we have a total of ten large-scale dairy farms and two beef cattle feedlots. Our large-scale standardised dairy farms, modern and scientific operations, and advanced technologies and facilities contribute to our long-term profit growth. Our integrated farming model facilitates the sharing of resources, technologies and talents and helps us achieve significant synergies across different business segments.

Government Support

The PRC government has been a key advocate in promoting the development of the dairy and beef cattle industry in China. We have in the past significantly benefited from various forms of government support and favourable government policies implemented by the PRC government at the national and local level. For example, the State Council of the PRC promulgated the Opinions on Revitalisation of the Dairy Industry and Ensuring Quality and Safety of Dairy Products (關於推進奶業振興保障乳品質量安全的意見)

in 2018, to promote the development of large-scale, standardised dairy farms and the self-sufficiency of milk products supply in China. The State Council of the PRC further issued Certain Guidelines on Prioritising the Development of Agriculture and Rural Areas and Accomplishing the Work Relating to Agriculture, Rural Areas and Rural Residents (關於堅持農業農村優先發展做好"三農"工作的若干意見) in 2019, which calls for the revitalisation of the dairy industry in China and the large-scale planting and production of high-quality forage grass, including alfalfa hay. In addition, the Ministry of Agriculture and Rural Affairs of the PRC issued the Five-year Action Plan to Promote the Development of Beef Cattle and Sheep Production (《推進肉牛肉羊生產發展五年行動方案》), which calls for expansion of beef production and large-scale beef breeding, and increase in beef supply through multiple channels. The State Council of the PRC promulgated the Opinions of the General Office of the State Council on Promoting the High-quality Development of the Animal Husbandry Industry (國務院辦公廳關於促進畜牧業高質量發展的意見) in 2020, to promote the construction of modern livestock breeding, animal epidemic prevention, and continuously enhance the quality efficiency and competitiveness of animal husbandry. For further information about such government support and favourable government policies, see "*Appendix III – Regulatory Overview and Taxation – A. Regulatory Overview*". These government support and favourable government policies in the form of government grants, insurance premium subsidies, preferential tax policies and land use rights have provided strong support for our business operations, especially the construction of large-scale dairy and beef cattle farms. With such government support, we have continued to expand our business and have benefited from government grants and preferential tax policies during the Track Record Period. For example, our raw milk and beef cattle businesses in China are exempted from enterprise income tax for the operation of agricultural business. We expect to continue to benefit from favourable government policies in the foreseeable future.

Changes in Fair Value of Biological Assets

Our results of operations are affected by changes in fair value less costs to sell of biological assets in respect of our dairy cows, beef cattle and forage plants. We are required under IFRSs to recognise such changes under "gains/(losses) arising from changes in fair value less costs to sell of biological assets". This line item represents fair value changes of our biological assets due to the changes in physical attributes and market prices of our biological assets and the changes in discounted future cash flow to be generated from our biological assets, in particular, dairy cows and beef cattle. During the Track Record Period, our biological assets were revalued at each reporting date. The fair value of our dairy cows and beef cattle at the end of each reporting period was determined by our independent qualified professional valuer. For more information about the valuation methods applied in valuing the biological assets, see "– *Valuation of Biological Assets*" and Note 2.4 to the Accountants' Report included as Appendix I to this prospectus. In applying these valuation methods, our independent qualified professional valuer has relied on a number of assumptions, related to, among other things, the quantity and quality of our dairy cows herd, body weight of biological assets, market price of biological assets and changes in the dairy and beef farming industries. Such parameters and assumptions utilised by the independent professional valuer may be more favourable than the actual historical rates. While these parameters and assumptions as adopted in the valuation process have been consistent with our actual historical results, we cannot guarantee that there will be no significant deviation in the future and that the resulting adjustments will not be highly volatile or susceptible to significant fluctuations from period to period.

In addition to the revaluing of unsold beef cattle as of the end of the reporting period, we also revalued our beef cattle being sold at the time of sale using the actual selling price. Unlike dairy cows which are held to produce raw milk, our beef cattle, just like our raw milk, are held for sale and are considered as inventories in nature. As sale of beef cattle business is one of our ordinary activities, like sale of raw milk business, the fair value changes of beef cattle (including unrealised fair value gains on beef cattle that remains unsold) are included in the gross profit. Changes in fair value by revaluing the beef cattle being sold are to be recorded as our cost of sales. As a result, for any given period, the gross profit of our beef cattle business equals the sum of (i) unrealised fair value gains of beef cattle that remains unsold during the period; and (ii) realised fair value gains of beef cattle sold during the period. Separately, gain on any given beef cattle would be the cumulative fair value gain we recorded on the beef cattle, being the sum of (i) the unrealised fair value gain recorded in the previous periods, as of which the beef cattle remained unsold; and (ii) the realised fair value gain in the period in which the beef cattle is sold. Such cumulative gain, which is primarily affected by the feeding costs and average selling prices of our beef cattle, would be a closer proximity for the profit we made off the beef cattle sold. For the unrealised gains on dairy cows and forage plants, we will not realise such fair value gain until the dairy cow is culled or disposed of or the forage plant is consumed. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we recorded unrealised fair value gains on our biological assets from continuing operations (including dairy cows, beef cattle and forage plants) of US$48.7 million, US$48.6 million, US$63.8 million, US$49.2 million and US$32.0 million, respectively, and after excluding such unrealised gains, our profit for the year/period from continuing operations would have been US$25.9 million, US$50.5 million, US$40.9 million, US$30.8 million and loss of US$2.1 million, respectively. Unrealised adjustments do not affect our cash flow. We expect that our results of operations will continue to be affected by the changes in the fair value of the biological assets.

The following table sets forth our profits before and after excluding the unrealised fair value gains on biological assets for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$'000, except for percentages)			*(unaudited)*	
Gross profit					
Before the adjustment on unrealised fair value gains on biological assets	112,468	135,166	159,121	73,256	64,926
After the adjustment on unrealised fair value gains on biological assets	121,561	150,210	175,897	80,602	68,110
Gross profit margin					
Before the adjustment on unrealised fair value gains on biological assets	32.0%	33.4%	30.5%	30.4%	23.3%
After the adjustment on unrealised fair value gains on biological assets	34.6%	37.1%	33.7%	33.4%	24.5%
Profit/(loss) for the year/period from continuing operations					
Before the adjustment on unrealised fair value gains on biological assets	25,914	50,453	40,858	30,803	(2,149)
After the adjustment on unrealised fair value gains on biological assets	74,630	99,079	104,572	80,043	29,842
Net profit/(loss) margin					
Before the adjustment on unrealised fair value gains on biological assets	7.4%	12.5%	7.8%	12.8%	(0.8)%
After the adjustment on unrealised fair value gains on biological assets	21.2%	24.5%	20.0%	33.2%	10.7%

Our results of operations are also affected by fair value of raw milk recognised at milking, and subsequently charged as cost of sales at the time of sale or consuming. As required by the IFRSs, agricultural produces (including raw milk) are recognised at their fair value less costs to sell at the point of harvest. The fair value is determined based on the market price quoted in the local area, and cost to sell is the incremental costs directly attributable to the disposal of an asset, mainly transportation cost but excluding finance costs and income taxes. The resulting gain or loss of recognition of such fair value, being the difference between the fair value less costs to sell of such raw milk, and the breeding costs incurred, is recognised in profit or loss for that period. Meanwhile, the gain or loss recognised is charged as cost of sales upon subsequent sales or internal consumption of such raw milk as part of the cost of inventories sold and recorded as "gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest". Any agricultural products that are not sold or consumed during the period in which it was harvested will remain as inventory. During the Track Record Period, as we have always sold or consumed our raw milk at the day of milking, the gain from initial recognition of raw milk has always been the same as the raw milk fair value adjustments on our cost of sales. For example, in 2021, US$153.8 million is recorded under "gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest", and also included under "raw milk fair value adjustments" of cost of sales, which could be offset accordingly. Going forward, as we plan to sell or consume substantially all of the raw milk during the period in which it was produced, and we do not expect any net gain recognised will have a substantial turn-around impact on our operating margin after fair value changes.

The aggregate gain or loss arising on initial recognition of raw milk and from the changes in fair value less costs to sell of biological assets from continuing operations is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$'000)		
				(unaudited)	
Gains/(losses) arising from changes in fair value less costs to sell of dairy cows	(7,966)	(13,948)	(10,744)	16,638	2,190
Gains/(losses) arising from changes in fair value less costs to sell of forage plants	(1,727)	(684)	(572)	89	(219)
Gains arising from changes in fair value less cost to sell of beef cattle	13,460	21,850	19,590	9,280	1,020
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	108,128	128,253	153,770	70,352	65,959
	111,895	135,471	162,044	96,359	68,950

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Our significant accounting policies are discussed under Note 2.4 to the Accountants' Report included in this prospectus. We believe the following critical accounting policies are affected by significant judgements and estimates used in the preparation of our consolidated financial statements and that the judgements and estimates are reasonable.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sales of raw milk

Revenue from these sales is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

(b) Sales of beef cattle

Revenue from sales of cattle is recognised when the beef cattle are collected by customers.

(c) Sales of milk products

We sell milk products to distributors and end customers (collectively as "**customers**"). Revenue from sales of these products is recognised when the goods have been delivered to customers.

Biological Assets

Biological assets are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the profit or loss for the period in which it arises. Biological assets comprise of dairy cows, beef cattle and forage plants.

Dairy cows and beef cattle

Dairy cows, including milkable cows, heifers and calves, and our beef cattle, are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs and excluding finance costs and income taxes.

The fair value is determined based on their present location and condition and is determined independently by professional valuers. The fair value of heifers and calves, and beef cattle for which there are active markets is determined by reference to the quoted market prices. For milkable cows for which there is no active market, fair value is determined by valuation techniques, for example discounted cash flow techniques, etc.

The feeding costs and other related costs including the depreciation charge, utility costs and consumables incurred for the raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

Forage plants

The immature corn and sorghum plantation costs consist of field preparation, planting, fertilising and maintenance and an allocation of other related cost. In general, a corn plantation and a sorghum plantation take about three months to reach maturity from the time the seedings are planted.

Plantations in initial stages of growth are stated at cost as market-determined prices or values are not available.

Plantations close to harvest and the harvested product of our wet corn and sorghum are measured at fair value less estimated point-of-sale costs. The fair value was determined based on the actual selling prices in the local market at the point of harvest and less estimated point-of sale costs.

Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and the change in fair value less costs to sell of plantations at each reporting date are included in the statement of profit or loss for the period in which they arise.

Upon harvest, the forage plants are transferred to inventories for feeding the dairy cows and beef cattle.

Property, Plant and Equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognise such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

- Buildings and site facilities: 4.5%-5%
- Machinery and equipment: 9%-10%
- Office furniture and fixtures: 18%-20%
- Motor vehicles: 18%-20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases – Estimating the incremental borrowing rate

We cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of fair value of dairy cows and beef cattle

Our dairy cows and beef cattle are measured at fair value less costs to sell. The fair value of dairy cows and beef cattle is determined based on either the market-determined prices as of the end of each reporting period adjusted with reference to the species, age, growing condition, cost incurred and expected yield of the milk to reflect differences in characteristics and/or stages of growth of dairy cows; or the present value of expected net cash flows from the dairy cows and beef cattle discounted at a current market-determined rate, when market-determined prices are unavailable. See the section headed *"– Valuation of Biological Assets*". Any changes in the estimates may affect the fair value of the dairy cows and beef cattle significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in fair value of dairy cows and beef cattle. Further details are given in Note 22 to the Accountants' Report in Appendix I to this prospectus.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets (including the right of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss for the periods indicated:

	For the year ended 31 December												For the six months ended 30 June							
	2019				2020				2021				2021				2022			
	Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total	
		US$'000		*% of Revenue*		*US$'000*		*% of Revenue*		*US$'000*		*% of Revenue*		*US$'000 (unaudited)*		*% of Revenue*		*US$'000*		*% of Revenue*
Continuing Operations																				
Revenue	**351,505**	**–**	**351,505**	**100.0**	**404,792**	**–**	**404,792**	**100.0**	**521,921**	**–**	**521,921**	**100.0**	**241,166**	**–**	**241,166**	**100.0**	**278,291**	**–**	**278,291**	**100.0**
Cost of sales	(233,858)	(117,674)	(351,532)	(100.0)	(254,700)	(149,985)	(404,685)	(100.0)	(343,851)	(175,533)	(519,384)	(99.5)	(162,842)	(77,354)	(240,196)	(99.6)	(209,920)	(67,240)	(277,160)	(99.6)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	–	108,128	108,128	30.8	–	128,253	128,253	31.7	–	153,770	153,770	29.5	–	70,352	70,352	29.2	–	65,959	65,959	23.7
Gains arising from changes in fair value less costs to sell of beef cattle	–	13,460	13,460	3.8	–	21,850	21,850	5.4	–	19,590	19,590	3.8	–	9,280	9,280	3.8	–	1,020	1,020	0.4
Gross profit	**117,647**	**3,914**	**121,561**	**34.6**	**150,092**	**118**	**150,210**	**37.1**	**178,070**	**(2,173)**	**175,897**	**33.7**	**78,324**	**2,278**	**80,602**	**33.4**	**68,371**	**(261)**	**68,110**	**24.5**
Other income and gains	4,951	–	4,951	1.4	5,930	–	5,930	1.5	13,968	–	13,968	2.7	10,098	–	10,098	4.2	4,058	–	4,058	1.5
Gains/(losses) arising from changes in fair value less costs to sell of other biological assets	–	(12,047)	(12,047)	(3.4)	–	(14,163)	(14,163)	(3.5)	–	(11,316)	(11,316)	(2.2)	–	16,727	16,727	6.9	–	1,971	1,971	0.7

	For the year ended 31 December												For the six months ended 30 June							
	2019				2020				2021				2021				2022			
	Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total		Results before biological fair value adjustments	Biological fair value adjustments	Total	
		US$'000		*% of Revenue*		*US$'000*		*% of Revenue*		*US$'000*		*% of Revenue*		*US$'000 (unaudited)*		*% of Revenue*		*US$'000*		*% of Revenue*
Selling and distribution expenses	(4,193)	–	(4,193)	(1.2)	(632)	–	(632)	(0.2)	(540)	–	(540)	(0.1)	(234)	–	(234)	(0.1)	(158)	–	(158)	(0.1)
Administrative expenses	(16,394)	–	(16,394)	(4.7)	(24,173)	–	(24,173)	(6.0)	(43,028)	–	(43,028)	(8.2)	(17,025)	–	(17,025)	(7.1)	(25,283)	–	(25,283)	(9.1)
Impairment losses on financial assets	–	–	–	–	–	–	–	–	(4,900)	–	(4,900)	(0.9)	–	–	–	–	–	–	–	–
Other expenses	(4,716)	–	(4,716)	(1.3)	(3,374)	–	(3,374)	(0.8)	(1,440)	–	(1,440)	(0.3)	(563)	–	(563)	(0.2)	(3,384)	–	(3,384)	(1.2)
Finance costs	(14,405)	–	(14,405)	(4.1)	(13,605)	–	(13,605)	(3.4)	(21,635)	–	(21,635)	(4.1)	(8,711)	–	(8,711)	(3.6)	(14,413)	–	(14,413)	(5.2)
Profit before tax from continuing operations	**82,890**	**(8,133)**	**74,757**	**21.3**	**114,238**	**(14,045)**	**100,193**	**24.8**	**120,495**	**(13,489)**	**107,006**	**20.5**	**61,889**	**19,005**	**80,894**	**33.5**	**29,191**	**1,710**	**30,901**	**11.1**
Income tax expense	(127)	–	(127)	(0.0)	(1,114)	–	(1,114)	(0.3)	(2,434)	–	(2,434)	(0.5)	(851)	–	(851)	(0.4)	(1,059)	–	(1,059)	(0.4)
Profit for the year/period from continuing operations	**82,763**	**(8,133)**	**74,630**	**21.2**	**113,124**	**(14,045)**	**99,079**	**24.5**	**118,061**	**(13,489)**	**104,572**	**20.0**	**61,038**	**19,005**	**80,043**	**33.2**	**28,132**	**1,710**	**29,842**	**10.7**
Discontinued operation																				
Loss for the year/period from a discontinued operation	(9,417)	2,354	(7,063)	(2.0)	(2,770)	(469)	(3,239)	(0.8)	–	–	–	–	–	–	–	–	–	–	–	–
Profit for the year/period	**73,346**	**(5,779)**	**67,567**	**19.2**	**110,354**	**(14,514)**	**95,840**	**23.7**	**118,061**	**(13,489)**	**104,572**	**20.0**	**61,038**	**19,005**	**80,043**	**33.2**	**28,132**	**1,710**	**29,842**	**10.7**
Attributable to:																				
Owners of the parent	73,346	(5,779)	67,567	19.2	110,354	(14,514)	95,840	23.7	118,061	(13,489)	104,572	20.0	61,038	19,005	80,043	33.2	28,132	1,710	29,842	10.7

Non-IFRS Financial Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use non-IFRS measures as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items described below. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of these non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We add back share-based payment expenses and listing expenses to derive adjusted net profit from the year/period. We define EBITDA as profit for the year/period from continuing operations plus (i) depreciation of property, plant and equipment, (ii) depreciation of right-of-use assets, (iii) amortisation of intangible assets, (iv) interest expenses minus interest income and (v) income tax expenses. We add back share-based payment expenses to EBITDA to derive adjusted EBITDA. Share-based payment expenses represent employee benefit expenses incurred in connection with the AAG PSP and SARs, which are primarily non-cash in nature.

The following table sets out a reconciliation from profit for the year/period from continuing operations to non-IFRS measures for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
			(US$'000)		
				(unaudited)	
Profit for the year/period from continuing operations	**74,630**	**99,079**	**104,572**	**80,043**	**29,842**
Add:					
Share-based payment expenses[(1)]	897	4,927	16,037	5,811	6,864
Listing expenses charged in profit or loss	–	–	–	–	4,545
Adjusted net profit (non-IFRS measure)	**75,527**	**104,006**	**120,609**	**85,854**	**41,251**
Profit for the year/period from continuing operations	**74,630**	**99,079**	**104,572**	**80,043**	**29,842**
Add:					
Depreciation of property, plant and equipment	13,282	14,599	18,692	8,632	10,488
Depreciation of right-of-use assets	1,949	2,120	2,828	1,143	2,069
Amortisation of intangible assets	325	311	345	166	185
Interest expenses	14,405	13,605	21,635	8,711	14,413
Income tax expenses	127	1,114	2,434	851	1,059
Less:					
Interest income	(337)	(472)	(611)	(320)	(249)
EBITDA (Non-IFRS measure)	**104,381**	**130,356**	**149,895**	**99,226**	**57,807**

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$'000)	*(unaudited)*	
Add:					
Share-based payment expenses[(1)]	897	4,927	16,037	5,811	6,864
Listing expenses charged in profit or loss	–	–	–	–	4,545
Adjusted EBITDA (Non-IFRS measure)	**105,278**	**135,283**	**165,932**	**105,037**	**69,216**

Note:

(1) Under the terms of the AAG PSP and SARs, the settlement of outstanding grants and vested SARs may involve the use of cash. Separately, the RSU Scheme we adopted on 5 December 2022 can also involve the payment of cash to a trustee to purchase outstanding Shares to serve as underlying Shares of the RSUs.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Unless otherwise specified, in this prospectus, all discussions about our results of operations are based on our results of operations from continuing operations.

Revenue

We generate revenue primarily from sales of our products to our customers. During the Track Record Period, we recorded revenue of US$351.5 million, US$404.8 million, US$521.9 million, US$241.2 million and US$278.3 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022.

We classified our businesses into three segments: (i) raw milk business: the production and sales of raw milk; (ii) beef cattle business: the raising and sales of cattle, and (iii) ancillary business: the sales of milk products and others. The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	Segment revenue	Inter-segment sales	External sales	External revenue as % of total revenue
		(US$'000)		
Year ended 31 December 2019				
Raw milk business	323,151	7,565	315,586	89.8
Beef cattle business	22,236	–	22,236	6.3
Ancillary business	13,683	–	13,683	3.9
Total	359,070	7,565	351,505	100.0

	Segment revenue	Inter-segment sales	External sales	External revenue as % of total revenue
		(US$'000)		
Year ended 31 December 2020				
Raw milk business	357,257	7,423	349,834	86.4
Beef cattle business	43,003	–	43,003	10.6
Ancillary business	11,955	–	11,955	3.0
Total	412,215	7,423	404,792	100.0
Year ended 31 December 2021				
Raw milk business	459,333	21,295	438,038	83.9
Beef cattle business	50,500	–	50,500	9.7
Ancillary business	33,383	–	33,383	6.4
Total	543,216	21,295	521,921	100.0
Six months ended 30 June 2021 (unaudited)				
Raw milk business	212,444	9,462	202,982	84.2
Beef cattle business	24,612	–	24,612	10.2
Ancillary business	13,572	–	13,572	5.6
Total	250,628	9,462	241,166	100.0
Six months ended 30 June 2022				
Raw milk business	248,091	5,789	242,302	87.1
Beef cattle business	25,037	–	25,037	9.0
Ancillary business	10,952	–	10,952	3.9
Total	284,080	5,789	278,291	100.0

There are inter-segment sales among our segments consisting of sales from our raw milk business segment to our ancillary business segment, and accordingly we record inter-segment elimination among these segments for the relevant revenue and cost of sales.

Raw milk

Revenue from our raw milk business amounted to US$315.6 million, US$349.8 million, US$438.0 million, US$203.0 million and US$242.3 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, representing 89.8%, 86.4%, 83.9%, 84.2% and 87.1% of our total revenue for the respective periods.

The following table sets forth the sales amount, sales volume and average selling prices of our raw milk for the periods indicated:

	For the year ended 31 December												For the six months ended 30 June							
	2019				2020				2021				2021				2022			
	Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]	
	US$'000	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000* (*unaudited*)	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*
Raw milk																				
Inter-segment sales[2]	7,565	14,544	520	3,586	7,423	13,296	558	3,849	21,295	35,672	597	3,849	9,462	15,992	592	3,827	5,789	9,786	592	3,849
External sales	315,586	533,787	591	4,076	349,834	551,812	634	4,371	438,038	589,769	743	4,789	202,982	277,976	730	4,723	242,302	337,989	717	4,664

Notes:

(1) Based on the following exchanges rate: US$1=RMB6.8944 for 2019; US$1=RMB6.8946 for 2020; US$1=RMB6.4474 for 2021; US$1=RMB6.4682 for the six months ended 30 June 2021; and US$1=RMB6.5058 for the six months ended 30 June 2022. While our presentation currency is the United States dollars, contracts for the sales of our raw milk are denominated in Renminbi.

(2) Inter-segment sales consist of sales from our raw milk business segment to our ancillary business segment, and accordingly we eliminate these inter-segment sales from the relevant revenue and cost of sales. The price for inter-segment sales is determined by referencing to the market price and deducting certain costs and expenses which are not applicable to inter-segment sales.

The average selling price of our raw milk was US$591 per ton (equivalent to RMB4,076 per ton), US$634 per ton (equivalent to RMB4,371 per ton), US$743 per ton (equivalent to RMB4,789 per ton), US$730 per ton (equivalent to RMB4,723 per ton) and US$717 per ton (equivalent to RMB4,664 per ton) in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, which was 11.6%, 15.2%, 11.5%, 10.8% and 11.2% higher than industry average in the same period based on the average selling price in Renminbi, according to Frost & Sullivan.

Beef cattle

Revenue from our beef cattle business amounted to US$22.2 million, US$43.0 million, US$50.5 million, US$24.6 million and US$25.0 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, representing 6.3%, 10.6%, 9.7%, 10.2% and 9.0% of our total revenue for the respective periods.

The following table sets forth the sales amount, sales volume and average selling prices of our beef cattle for the periods indicated. We do not have inter-segment sales in our beef cattle business.

	For the year ended 31 December												For the six months ended 30 June							
	2019				2020				2021				2021				2022			
	Sales amount	Sales volume[(1)]	Average selling price[(2)]		Sales amount	Sales volume[(1)]	Average selling price[(2)]		Sales amount	Sales volume[(1)]	Average selling price[(2)]		Sales amount	Sales volume[(1)]	Average selling price[(2)]		Sales amount	Sales volume[(1)]	Average selling price[(2)]	
	US$'000	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000* *(unaudited)*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*
Beef cattle																				
External sales	22,236	5,159	4,310	29,716	43,003	9,118	4,716	32,515	50,500	9,285	5,439	35,065	24,612	4,352	5,655	36,578	25,037	4,933	5,075	33,017

Notes:

(1) Our Holstein finishers typically weigh 0.63 ton to 0.67 ton per head.

(2) Based on the following exchanges rate: US$1=RMB6.8944 for 2019; US$1=RMB6.8946 for 2020; US$1=RMB6.4474 for 2021; US$1=RMB6.4682 for the six months ended 30 June 2021; and US$1=RMB6.5058 for the six months ended 30 June 2022. While our presentation currency is the United States dollars, contracts for the sales of our beef cattle are denominated in Renminbi.

The average selling price of our beef cattle was US$4,310 per ton (equivalent to RMB29,716 per ton), US$4,716 per ton (equivalent to RMB32,515 per ton), US$5,439 per ton (equivalent to RMB35,065 per ton), US$5,655 per ton (equivalent to RMB36,578 per ton) and US$5,075 per ton (equivalent to RMB33,017 per ton) in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. According to Frost & Sullivan, the average wholesale price of beef cattle in China was RMB31,265 per ton, RMB35,358 per ton, RMB36,844 per ton, RMB36,928 per ton and RMB37,200 per ton in the same periods. The average selling price of our beef cattle was generally lower than the industry average as all of our beef cattle are Holstein, which is not the most popular breed in the beef market.

Ancillary Business

Revenue from our ancillary business amounted to US$13.7 million, US$12.0 million, US$33.4 million, US$13.6 million and US$11.0 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, representing 3.9%, 3.0%, 6.4%, 5.6% and 3.9% of our total revenue for the respective periods.

The following table sets forth the sales amount, sales volume and average selling prices of our ancillary business for the periods indicated. We do not have inter-segment sales in our ancillary business:

	For the year ended 31 December												For the six months ended 30 June							
	2019				2020				2021				2021				2022			
	Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]		Sales amount	Sales volume	Average selling price[1]	
	US$'000	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000* *(unaudited)*	*Tons*	*US$/ton*	*RMB/ton*	*US$'000*	*Tons*	*US$/ton*	*RMB/ton*
Ancillary business																				
External sales	13,683	14,153	967	6,665	11,955	12,398	964	6,648	33,383	31,524	1,059	6,828	13,572	13,134	1,033	6,682	10,952	10,654	1,028	6,688

Note:

(1) Based on the following exchanges rate: US$1=RMB6.8944 for 2019; US$1=RMB6.8946 for 2020; and US$1=RMB6.4474 for 2021; US$1=RMB6.4682 for the six months ended 30 June 2021; and US$1=RMB6.5058 for the six months ended 30 June 2022. While our presentation currency is the United States dollar, contracts for the sales of our branded milk products are denominated in Renminbi.

Cost of Sales

Our cost of sales includes (i) feeding costs, primarily the procurement and production of feed and feed additives; (ii) labour costs, primarily salary and benefits for employees directly involved in production activities; (iii) freight fees; (iv) depreciation of right-of-use assets; (v) depreciation of property, plant and equipment; (vi) others, including utilities, medical and maintenance expenses; and (vii) fair value adjustments for raw milk and beef cattle.

The following table sets forth the breakdown of our cost of sales for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019	%	2020	%	2021	%	2021	%	2022	%
	(US$'000, except for percentages)						*(unaudited)*			
Feeding costs	165,726	47.1	186,671	46.1	246,669	47.5	114,413	47.6	152,943	55.2
Labour costs	12,518	3.6	12,750	3.2	18,217	3.5	8,311	3.5	10,861	3.9
Freight fees	15,484	4.4	13,240	3.3	18,372	3.5	8,902	3.7	9,372	3.4
Depreciation of property, plant and equipment	12,762	3.6	14,019	3.5	17,213	3.3	1,114	0.5	1,627	0.6
Depreciation of right-of-use assets	1,663	0.5	2,038	0.5	2,750	0.5	8,212	3.4	9,561	3.4
Others	25,705	7.3	25,982	6.3	40,630	8.0	21,890	9.1	25,556	9.2
Cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments	**233,858**	**66.5**	**254,700**	**62.9**	**343,851**	**66.3**	**162,842**	**67.8**	**209,920**	**75.7**
Raw milk fair value adjustments	108,128	30.8	128,253	31.7	153,770	29.5	70,352	29.3	65,959	23.8
Beef cattle cumulative fair value adjustments	9,546	2.7	21,732	5.4	21,763	4.2	7,002	2.9	1,281	0.5
Total	**351,532**	**100.0**	**404,685**	**100.0**	**519,384**	**100.0**	**240,196**	**100.0**	**277,160**	**100.0**

Feeding costs accounted for 47.1%, 46.1%, 47.5%, 47.6% and 55.2% of our cost of sales in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, respectively, and 70.9%, 73.3%, 71.7%, 70.3% and 72.9% of our cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments in the same periods, respectively. The continuous increase in our feeding costs reflects (i) the growth in our operational scale, as reflected in the increasing raw milk production volume from 565,359 tons in 2019 to 638,780 tons in 2021, and from 298,330 tons in the six months ended 30 June 2021 to 359,238 tons in the six months ended 30 June 2022, which is in line with the growth of our herd size, and (ii) an increase in the price of feed and feed additives, which is in line with the market trend. See "*Industry Overview – Feed Ingredient Price*" for further details. Going forward, we expect feeding costs to continue to be a major component for our cost of sales.

Raw milk fair value adjustment included in cost of sales arise from the differences between the production cost under the cost approach and the market price of raw milk at the point of harvest. As explained in "– *Gains Arising on Initial Recognition of Raw Milk at Fair Value less Costs to Sell at the Point of Harvest*", the fair value adjustment charged as cost of sales and gains arising from initial recognition of agricultural products at fair value has always been mutually offsetting during the Track Record Period.

We revalue our unsold beef cattle as of the end of each reporting period using the then market price and our beef cattle being sold at the time of sale using the actual selling price. Changes in fair value by revaluing the beef cattle being sold are to be recorded as our cost of sales. As a result, for any given period, the gross profit of our beef cattle business equals the sum of (i) unrealised fair value gains of beef cattle that remains unsold during the end of the period; and (ii) realised fair value gains of beef cattle sold during the period. Separately, gain on any given beef cattle would be the cumulative fair value gain we recorded on the beef cattle, being the sum of (i) the unrealised fair value gain recorded in the previous periods, as of which the beef cattle remained unsold; and (ii) the realised fair value gain in the period in which the beef cattle is sold. In 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, we recorded cumulative fair value gains for beef cattle of US$9.5 million, US$21.7 million, US$21.8 million, US$7.0 million and US$1.3 million, representing 42.9%, 50.5%, 43.1%, 28.5% and 5.2% of our beef cattle revenue, respectively. The change in cumulative fair value gains as a percentage of beef cattle revenue from 2019 to 2020 was driven by an increase in average selling price of beef cattle. The change from 2020 to 2021 was due to an increase in feeding costs, partially offset by a higher average selling price. The change from the six months ended 30 June 2021 to the six months ended 30 June 2022 was primarily due to an increase in feeding costs and a decrease in the average selling price of beef cattle. Such cumulative fair value gains, which is primarily affected by the feeding costs and average selling prices of our beef cattle, would be a closer proximity for the profit we made off the beef cattle sold.

Gains Arising on Initial Recognition of Raw Milk at Fair Value less Costs to Sell at the Point of Harvest

Our agricultural product consists of raw milk produced by our self-owned dairy cows in our dairy farms, which was sold to processing plants owned by third parties for manufacturing into dairy products. Under IFRSs, agricultural produce is recognised at their fair value less costs to sell at the point of harvest. The fair value is determined based on the market price quoted in the local area. The resulting gain or loss of recognition of such fair value, being the difference between (i) the fair value less costs to sell of such raw milk and (ii) the breeding costs incurred, is recognised in profit or loss for that period. Meanwhile, the gain or loss so recognised is charged as cost of sales upon internal consumption or subsequent sales of such raw milk as part of the cost of inventories sold. Any agricultural products not consumed or sold during the period in which it was harvested will remain as inventory.

During the Track Record Period, our gains arising from initial recognition of agricultural product at fair value was offset by the costs to sell at the point of harvest for each year, as the external sales or internal consumption typically occurs at the time of milking. Going forward, as we plan to consume or sell substantially all of the raw milk during the period in which it is produced, we do not expect any net gain so recognised will have a substantial turn-around impact on operating margin.

Gains Arising from Changes in Fair Value less Costs to Sell of Beef Cattle

Gains arising from changes in fair value less costs to sell of beef cattle represents (i) the difference between the carrying value of such beef cattle as of the end of the previous period and the fair value of the beef cattle at the time of sale, which is realised at the time of sale; and (ii) changes in carrying value of unsold beef cattle as of the end of the previous period and the current period, which is unrealised and will be realised when the sales occur in a subsequent period. The market prices of our beef cattle as of 31 December 2018, 2019, 2020, 2021, and 30 June 2021 and 2022 were US$3,813/ton, US$4,444/ton, US$4,828/ton, US$5,607/ton, US$5,264/ton and US$5,338/ton, respectively. The average selling prices of our beef cattle were US$4,310/ton, US$4,716/ton, US$5,439/ton, US$5,655/ton and US$5,075/ton for 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022, respectively.

Gross Profit

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	Gross profit/ (loss)	Gross profit/ (loss) margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(US$'000, except for percentages)						(unaudited)			
Raw milk business	108,128	34.3	128,253	36.7	153,770	35.1	70,352	34.7	65,959	27.2
Beef cattle business	13,460	60.5	21,850	50.8	19,590	38.8	9,280	37.7	1,020	4.1
Ancillary business	(27)	(0.2)	107	0.9	2,537	7.6	970	7.1	1,131	10.3
Total	**121,561**	**34.6**	**150,210**	**37.1**	**175,897**	**33.7**	**80,602**	**33.4**	**68,110**	**24.5**

According to Frost & Sullivan, the decreasing trend of our gross profit margin was in line with that of our industry peers during the Track Record Period.

Other Income and Gains

The following table sets forth the breakdown of our other income and gains for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$'000)			(unaudited)	
Gain from bargain purchase[1]	–	–	7,163	7,163	–
Government grant[2]	2,541	2,491	2,847	1,327	1,998
Insurance claims[3]	1,504	2,848	1,596	656	761
Foreign exchange gain, net	–	–	822	182	–
Technical service fee	–	–	776	387	633
Fair value gains on derivative financial instruments	458	–	–	–	–
Interest income	337	472	611	320	249
Scrap sales	83	78	97	55	64
Others	28	41	56	8	353
Total	**4,951**	**5,930**	**13,968**	**10,098**	**4,058**

Notes:

(1) We recognised gain from bargain purchase in connection with our acquisition of Pure Source dairy farms. The acquisition resulted in a gain from bargain purchase because the consideration of the acquisition was lower than the fair value of identifiable net assets of the business, as the business was in a loss-making position at the time of the acquisition.

(2) Mainly include the government grant received for upgrading and expansion of existing facilities, feeding costs and breeding.

(3) Mainly include the insurance claims received in connection with cattle-related compensations.

Gains/(Losses) Arising from Changes in Fair Value less Costs to Sell of Other Biological Assets

Gains/(Losses) arising from changes in fair value less costs to sell of other biological assets, namely dairy cows and forage plants represents the difference in fair value less costs to sell of our dairy cows and forage plants from period to period, due to the changes in physical attributes and market prices of our biological assets and the changes in discounted future cash flows to be generated by our other biological assets, in particular dairy cows which constitutes a major part of our other biological assets. The fair value is measured by reference to local market selling prices or by projecting future cash flows to be generated from those cows and discounting them to a present day value.

Our fair value changes in respect of dairy cows include the following two categories: (a) realised loss resulting from culled and dead cows, and (b) unrealised gain or loss arising from the cows held by us based on valuation. For example, when a heifer becomes a milkable cow, its value increases as the discounted cash flows from milking is higher than the selling price of heifers. Therefore, our unrealised gain arising from changes in fair value less costs to sell of other biological assets represents changes in fair value arising from the cows held by us as of the end of the relevant period. Further, when a dairy cow is culled and sold, its value decreases and we record realised loss arising from changes in fair value less costs to sell of other biological assets because the proceeds from the disposal of culled and dead cows are generally lower than their carrying value. During the Track Record Period, dairy cows were revalued at each reporting date, and our realised loss arising from changes in fair value less costs to sell of other biological assets, which is primarily resulted from the culling and death of cows, is partially offset by unrealised gain arising from changes in fair value less costs to sell of dairy cows in previous periods. The drivers for our unrealised gain arising from changes in fair value less costs to sell of dairy cows include the following: (a) the increased scale of biological assets and (b) the increase in unit fair value of dairy cows which is resulted from (i) improved market value of our other biological assets, particularly the increase in the average selling price of raw milk, which was in line with the overall raw milk supply industry, and (ii) our improved herd structure and quality, particularly the improved milk yield. For details of the valuation assumptions used by our valuer to assess the fair value of our biological assets, see the section headed "– *Valuation of Biological Assets*" in this prospectus.

Our fair value changes in respect of forage plants in each financial year is due to unrealised loss of forage plants upon harvest and transfer from biological assets to inventory. The loss was due to the quality of land in the Shandong province, which resulted in a lower harvest volume than expected.

When disposing of our dairy cows, we write off the carrying amount of the dairy cows from our biological assets, and the difference between the carrying amount of the dairy cows disposed of and the proceeds from the disposal is recorded as change in fair value less costs to sell of our other biological assets. The cash proceeds are recorded under investment cash inflow. The cash proceeds from disposal of biological assets amounted to US$63.9 million, US$75.2 million, US$92.0 million, US$44.4 million and US$43.5 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022.

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of: (i) advertising and promotion expenses for the sales of our branded milk products; (ii) travel expenses; and (iii) employee benefits, mainly including salaries and bonuses paid to our sales personnel.

The following table sets forth a breakdown of our selling and distribution expenses and as a percentage of our total selling and distribution expenses for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
Advertising and promotion	3,063	73.1	255	40.4	120	22.2	28	12.0	27	17.1
Travel and courier services	85	2.0	32	5.1	63	11.7	25	10.7	12	7.6
Employee benefits	615	14.7	234	37.0	234	43.3	109	46.6	76	48.1
Depreciation of assets	52	1.2	54	8.5	59	10.9	30	12.8	30	19.0
Others	378	9.0	57	9.0	64	11.9	42	17.9	13	8.2
Total	**4,193**	**100.0**	**632**	**100.0**	**540**	**100.0**	**234**	**100.0**	**158**	**100.0**

Administrative Expenses

Our administrative expenses consist of: (i) employee benefits, mainly salaries and bonuses of our management and executive staff, which include cash and share-based payment; (ii) professional fees, mainly including legal, audit and consulting services; (iii) travel expenses and (iv) amortisation of intangible assets.

The following table sets forth a breakdown of our administrative expenses and as a percentage of our total administrative expenses for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
Employee benefits	9,810	59.8	16,358	67.7	30,116	70.0	12,350	72.5	13,318	52.7
Professional fees	1,835	11.2	2,253	9.3	5,498	12.8	1,539	9.0	7,376	29.2
Travel expenses	897	5.5	604	2.5	678	1.6	279	1.6	281	1.1
Amortisation of intangible assets	813	5.0	920	3.8	1,835	4.3	613	3.6	1,160	4.6
Electricity and water	679	4.1	696	2.9	1,054	2.4	428	2.5	704	2.8
Taxes and surcharges	607	3.7	732	3.0	907	2.1	591	3.5	870	3.4
Others[(1)]	1,753	10.7	2,610	10.8	2,940	6.8	1,225	7.3	1,574	6.2
Total	**16,394**	**100.0**	**24,173**	**100.0**	**43,028**	**100.0**	**17,025**	**100.0**	**25,283**	**100.0**

Note:

(1) Others mainly include public relations, maintenance expenses, car expenses, bank charges, rental expenses and insurance.

Other Expenses

Our other expenses mainly include foreign exchange losses, fair value losses on derivative financial instruments, and loss on disposal of property, plant and equipment. The table below sets forth a breakdown of other expenses and as a percentage of total other expenses for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Foreign exchange losses, net	3,865	82.0	1,606	47.6	–	–	–	–	2,142	63.3
Fair value and investment losses on derivative financial instruments	–	–	872	25.8	63	4.4	63	11.2	–	–
Loss on disposal of property, plant and equipment	426	9.0	621	18.4	833	57.8	329	58.4	565	16.7
Others[(1)]	425	9.0	275	8.2	544	37.8	171	30.4	677	20.0
Total	**4,716**	**100.0**	**3,374**	**100.0**	**1,440**	**100.0**	**563**	**100.0**	**3,384**	**100.0**

Note:

(1) Others mainly include the losses from scrap sales and social responsibility costs of welfare of community.

Finance Costs

Our finance costs consist of interest on bank loans, interest on shareholder's loans, interest on lease liabilities and interest on contract liabilities.

Income Tax Expenses

Our income tax expenses from continuing operations were US$127 thousand, US$1.1 million, US$2.4 million, US$851 thousand and US$1.1 million in 2019, 2020, 2021 and the six months ended 30 June 2021 and 2022. In the same periods, we benefited from preferential tax policies and our effective income tax rate was 0.2%, 1.1%, 2.3%, 1.1% and 3.4%, as our raw milk and beef cattle businesses are exempted from PRC Enterprise Income Tax for taxable profit from the operation of agricultural business in the PRC, for more information, see the section headed "*– Major Factors Affecting Our Results of Operations and Financial Condition – Government Support*" in this prospectus.

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the current tax expense per the consolidated statements of profit or loss at the effective tax rate is as follows. See Note 11 to the Accountants' Report included in the prospectus for further details.

As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

Singapore

The headline corporate tax rate in Singapore is 17% of a company's chargeable income. All companies are eligible for partial tax exemption as follows: (i) for Years of Assessment ("**YA**") 2019 and before, there is a 75% tax exemption on the first S$10,000 of chargeable income, and a further 50% exemption on the next S$290,000 of chargeable income; (ii) from YA 2020 onwards, there is a 75% tax exemption on the first S$10,000 of chargeable income, and a further 50% exemption on the next S$190,000 of chargeable income.

Hong Kong

No provision for taxation in Hong Kong has been made as our Group's income neither arises in, nor is derived from Hong Kong during the Track Record Period.

PRC

The exemption of PRC enterprise income tax ("**EIT**") for income from agriculture and husbandry business has been uniformly in force since 1 January 2008. Pursuant to the prevailing tax rules and regulation in the PRC, our raw milk and beef cattle businesses are exempted from PRC EIT for taxable profit from the operation of agricultural business in the PRC during the Track Record Period.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, except for the preferential treatments available to our raw milk and beef cattle businesses as mentioned above, other subsidiaries within our Group operating in the PRC are subject to EIT at the statutory rate of 25% during the Track Record Period.

Discontinued Operation

In April 2020, in order to focus our resources on our business in the PRC, we restructured our business by disposing GDS to Japfa. Results of such discontinued operation were presented as a separate line item as "Loss for the year from a discontinued operation" in the consolidated statements of profit or loss. In 2019 and 2020, we recorded a loss for the year from a discontinued operation of approximately US$7.1 million and US$3.2 million. For further details on the disposal and the discontinued operation, please refer to the section headed "*History and Corporate Structure*" and Note 12 to the Accountants' Report in Appendix I to this prospectus.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months ended 30 June 2022 Compared to Six Months ended 30 June 2021

Revenue

	Six months ended 30 June		
	2021	2022	% Change
	(US$'000) *(unaudited)*		
Revenues			
Raw milk business	202,982	242,302	19.4%
Beef cattle business	24,612	25,037	1.7%
Ancillary business	13,572	10,952	(19.3)%
Total	**241,166**	**278,291**	**15.4%**

Our revenue increased by 15.4% from US$241.2 million in the six months ended 30 June 2021 to US$278.3 million in the six months ended 30 June 2022, primarily due to a growth in revenue generated from our raw milk business, partially offset by a decrease in revenue generated from our ancillary business.

Raw milk business

	Six months ended 30 June		
	2021	2022	% Change
	(unaudited)		
Raw milk business revenues (US$'000)	202,982	242,302	19.4%
Percentage of revenues	84.2%	87.1%	N/A
Raw milk business – sales volume (tons)	277,976	337,989	21.6%
Raw milk business – average selling price (US$/ton)	730	717	(1.8)%

Revenue generated from our raw milk business increased by 19.4% from US$203.0 million in the six months ended 30 June 2021 to US$242.3 million in the six months ended 30 June 2022, which was mainly due to a 21.6% increase in the sales volume of raw milk as a result of the increase in our milkable cow herd as our heifers matured and we acquired the Pure Source dairy farms. Such increase in output was met by demand from our customers. The increase in sales volume was partially offset by a 1.8% decrease in the average selling price of our raw milk, which was largely in line with the market trend.

Beef cattle business

	Six months ended 30 June		
	2021	2022	% Change
	(unaudited)		
Beef cattle business revenues (US$'000)	24,612	25,037	1.7%
Percentage of revenues	10.2%	9.0%	N/A
Beef cattle business – sales volume (ton)	4,352	4,933	13.4%
Beef cattle business – average selling price (US$/ton)	5,655	5,075	(10.3)%

Revenue generated from our beef cattle business increased by 1.7% from US$24.6 million in the six months ended 30 June 2021 to US$25.0 million in the six months ended 30 June 2022, which was mainly due to a 13.4% increase in the sales volume of our beef cattle, driven by an increase in our beef cattle herd size, which was partially offset by a 10.3% decrease in the average selling price of beef cattle from US$5,655 per ton in the six months ended 30 June 2021 to US$5,075 per ton in the six months ended 30 June 2022, due to (i) lower demand for beef associated with restaurant closures during the city- or district-wide lock-down in various parts of China in March, April and May 2022 and (ii) the increased proportion of our beef cattle sold in Inner Mongolia in the six months ended 30 June 2022, which generally had a lower average selling price than our beef cattle sold in Shandong.

Ancillary business

Revenue generated from our ancillary businesses decreased by 19.3% from US$13.6 million in the six months ended 30 June 2021 to US$11.0 million in the six months ended 30 June 2022, which was mainly due to a decrease in the sales volume of our milk products resulted from lower demand for milk products associated with retail outlet closures in relation to the COVID-19 prevention policies and restrictive measures adopted by the local municipalities in the first half of 2022.

Cost of Sales

Our cost of sales increased by 15.4% from US$240.2 million in the six months ended 30 June 2021 to US$277.2 million in the six months ended 30 June 2022, and our cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments increased by 28.9% from US$162.8 million in the six months ended 30 June 2021 to US$209.9 million in the six months ended 30 June 2022. The increase in our cost of sales was in line with the growth in our revenue. In particular, our feeding costs increased by 33.7% from US$114.4 million in the six months ended 30 June 2021 to US$152.9 million in the six months ended 30 June 2022, primarily due to an increase in our consumption as our cow herd expanded and an increase in the procurement costs of feed and feed additives.

Gains Arising from Initial Recognition of Raw Milk at Fair Value less Costs to Sell at the Point of Harvest

Our gains arising from initial recognition of raw milk at fair value less costs to sell at the point of harvest were US$70.3 million in the six months ended 30 June 2021 and US$66.0 million in the six months ended 30 June 2022. The change mainly reflects a 1.8% decrease in the average selling price of our raw milk.

Gains Arising from Changes in Fair Value less Costs to Sell of Beef Cattle

Our gains arising from changes in fair value less costs to sell of beef cattle decreased by 89.0% from US$9.3 million in the six months ended 30 June 2021 to US$1.0 million in the six months ended 30 June 2022. The decrease resulted from (i) the decrease in realised gains, which was primarily due to a 10.3% decrease in the average selling prices of beef cattle in the six months ended 30 June 2022 as compared with the six months ended 30 June 2021 and a 21.9% increase in average feeding costs per ton of beef cattle sold and (ii) the decrease in unrealised fair value gains, which was primarily due to the smaller difference in the market value of our beef cattle from the previous period. The market prices of our beef cattle increased from US$4,828/ton as of 31 December 2020 to US$5,264/ton as of 30 June 2021 and decreased from US$5,607/ton as of 31 December 2021 to US$5,338/ton as of 30 June 2022.

Gross Profit

As a result of the foregoing, our gross profit decreased by 15.5% from US$80.6 million in the six months ended 30 June 2021 to US$68.1 million in the six months ended 30 June 2022, and our gross profit margin decreased from 33.4% to 24.5%.

Raw milk business

Gross profit of our raw milk business decreased by 6.1% from US$70.3 million in the six months ended 30 June 2021 to US$66.0 million in the six months ended 30 June 2022. Gross profit margin of our raw milk decreased from 34.7% in the six months ended 30 June 2021 to 27.2% in the six months ended 30 June 2022, primarily due to (i) a 12.7% increase in average feeding costs per ton of raw milk sold, (ii) lower utilisation rate of the Pure Source dairy farms we acquired in 2021 that were still in ramp up stage, resulting in a lower gross profit margin as compared to our other dairy farms and (iii) a 1.8% decrease in average selling price of raw milk.

Beef cattle business

Gross profit of our beef cattle business decreased by 89.0% from US$9.3 million in the six months ended 30 June 2021 to US$1.0 million in the six months ended 30 June 2022, and gross profit margin of our beef cattle business decreased from 37.7% in the six months ended 30 June 2021 to 4.1% in the six months ended 30 June 2022. The decrease in gross profit margin from the six months ended 30 June 2021 to the six months ended 30 June 2022 was primarily due to a 21.9% increase in average feeding costs for per ton of beef cattle sold and a 10.3% decrease in the average selling price of beef cattle.

Ancillary business

Gross profit of our ancillary business increased by 10.0% from US$1.0 million in the six months ended 30 June 2021 to US$1.1 million in the six months ended 30 June 2022. Gross profit margin of our ancillary business increased from 7.1% in the six months ended 30 June 2021 to 10.3% in the six months ended 30 June 2022, mainly due to our switch of focus to B2B sales and a change of product mix.

Other Income and Gains

Our other income and gains decreased by 59.8% from US$10.1 million in the six months ended 30 June 2021 to US$4.1 million in the six months ended 30 June 2022, which was primarily due to the fact that we recognised a gain from bargain purchase of US$7.2 million in connection with our acquisition of the Pure Source dairy farms in the six months ended 30 June 2021.

Gains Arising from Changes in Fair Value less Costs to Sell of Other Biological Assets

Our gains arising from changes in fair value less costs to sell of other biological assets decreased by 88.0% from US$16.7 million in the six months ended 30 June 2021 to US$2.0 million in the six months ended 30 June 2022. The decrease in gains was primarily due to the decrease in market value of our biological assets, particularly the decrease in the average selling price of raw milk, which was largely in line with the overall raw milk industry.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 32.5% from US$234 thousand in the six months ended 30 June 2021 to US$158 thousand in the six months ended 30 June 2022, which was primarily due to a decrease in the revenue of our ancillary business. Our selling and distribution expenses as a percentage of revenue remained relatively stable in the six months ended 30 June 2021 and 2022 at 0.1%.

Administrative Expenses

Our administrative expenses increased by 48.5% from US$17.0 million in the six months ended 30 June 2021 to US$25.3 million in the six months ended 30 June 2022, primarily due to the incurred listing expenses. Our administrative expenses as a percentage of revenue increased from 7.1% in the six months ended 30 June 2021 to 9.1% in the six months ended 30 June 2022, primarily due to the incurred listing expenses.

Other Expenses

Our other expenses increased by 501.1% from US$563 thousand in the six months ended 30 June 2021 to US$3.4 million in the six months ended 30 June 2022. The increase was primarily due to the increase in foreign exchange losses from nil in the six months ended 30 June 2021 to US$2.1 million in the six months ended 30 June 2022.

Finance Costs

Our finance costs increased by 65.5% from US$8.7 million in the six months ended 30 June 2021 to US$14.4 million in the six months ended 30 June 2022. The increase was primarily due to (i) an increase in interest on bank loans from US$5.8 million in the six months ended 30 June 2021 to US$9.2 million in the six months ended 30 June 2022 and (ii) an increase in interest on lease liabilities in connection with the acquisition of the Pure Source dairy farms.

Profit before Tax from Continuing Operations

As a result of the foregoing, particularly the increases in losses arising from changes in fair value less costs to sell of other biological assets, our profit before tax from continuing operations decreased by 61.8% from US$80.9 million in the six months ended 30 June 2021 to US$30.9 million in the six months ended 30 June 2022.

Income Tax Expense

Our income tax expense increased by 24.4% from US$851 thousand in the six months ended 30 June 2021 to US$1.1 million in the six months ended 30 June 2022, which was primarily attributable to the increases in our effective tax rate from 1.1% in the six months ended 30 June 2021 to 3.4% in the six months ended 30 June 2022, primarily due to higher withholding tax expenses resulting from a higher revenue generated by the Group in 2022.

Profit for the Period from Continuing Operations

As a result of the foregoing, our profit for the period from continuing operations decreased by 62.7% from US$80.0 million in the six months ended 30 June 2021 to US$29.8 million in the six months ended 30 June 2022, and our net profit margin from continuing operations decreased from 33.2% in the six months ended 30 June 2021 to 10.7% in the six months ended 30 June 2022.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2021 Compared to Year ended 31 December 2020

Revenue

	Year ended 31 December		
	2020	**2021**	**% Change**
	(US$'000)		
Revenues			
Raw milk business	349,834	438,038	25.2%
Beef cattle business	43,003	50,500	17.4%
Ancillary business	11,955	33,383	179.2%
Total	**404,792**	**521,921**	**28.9%**

Our revenue increased by 28.9% from US$404.8 million in 2020 to US$521.9 million in 2021, primarily due to a growth in revenue generated from our raw milk business and, to a lesser extent, our beef cattle business and ancillary business.

Raw milk business

	Year ended 31 December		
	2020	**2021**	**% Change**
Raw milk business revenues (US$'000)	349,834	438,038	25.2%
Percentage of revenues	86.4%	83.9%	N/A
Raw milk business – sales volume (tons)	551,812	589,769	6.9%
Raw milk business – average selling price (US$/ton)	634	743	17.2%

Revenue generated from the raw milk business increased by 25.2% from US$349.8 million in 2020 to US$438.0 million in 2021, which was mainly due to (i) a 6.9% increase in the sales volume of raw milk as a result of the increase in our milkable cow herd as our heifers matured and we acquired Pure Source dairy farms, and (ii) a 17.2% rise in the average selling price of raw milk from US$634 per ton in 2020 to US$743 per ton in 2021, which reflects the raw milk supply and demand dynamics.

Beef cattle business

	Year ended 31 December		
	2020	**2021**	**% Change**
Beef cattle business revenues (US$'000)	43,003	50,500	17.4%
Percentage of revenues	10.6%	9.7%	N/A
Beef cattle business – sales volume (ton)	9,118	9,285	1.8%
Beef cattle business – average selling price (US$/ton)	4,716	5,439	15.3%

Revenue generated from the beef cattle business increased by 17.4% from US$43.0 million in 2020 to US$50.5 million in 2021, which was mainly due to (i) a 1.8% increase in the sales volume of our beef cattle, driven by an increase in our beef cattle herd size and increasing demand for beef, and (ii) a 15.3% rise in the average selling price of beef cattle from US$4,716 per ton in 2020 to US$5,439 per ton in 2021, driven by the increased shortfall in beef supply in the market.

Ancillary business

Revenue generated from ancillary businesses increased by 179.2% from US$12.0 million in 2020 to US$33.4 million in 2021, which was mainly due to an increase in the sales volume of our milk products as we grew our branded milk product business.

Cost of Sales

Our cost of sales increased by 28.3% from US$404.7 million in 2020 to US$519.4 million in 2021, and our cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments increased by 35.0% from US$254.7 million in 2020 to US$343.9 million in 2021. The increase in our cost of sales was in line with the growth in our revenue. In particular, our feeding costs increased by 32.1% from US$186.7 million in 2020 to US$246.7 million in 2021, primarily due to an increase in our consumption as our cow herd expanded and an increase in the procurement costs of feed and feed additives.

Gains Arising from Initial Recognition of Raw Milk at Fair Value less Costs to Sell at the Point of Harvest

Our gains arising from initial recognition of raw milk at fair value less costs to sell at the point of harvest were US$128.3 million in 2020 and US$153.8 million in 2021. The change mainly reflects a 9.6% increase in raw milk production volume from 582,827 tons in 2020 to 638,780 tons in 2021 and a higher average selling price.

Gains Arising from Changes in Fair Value less Costs to Sell of Beef Cattle

Our gains arising from changes in fair value less costs to sell of beef cattle decreased by 10.3% from US$21.9 million in 2020 and US$19.6 million in 2021. The change reflects decreases in differences between the actual selling price or market price at the end of 2021 on the one hand and the market price at the end of 2020 on the other. The market prices of our beef cattle as of 31 December 2020 and 31 December 2021 were US$4,828/ton and US$5,607/ton, respectively, and the average selling prices for 2020 and 2021 were US$4,716/ton and US$5,439/ton, respectively.

Gross Profit

As a result of the foregoing, our gross profit increased by 17.1% from US$150.2 million in 2020 to US$175.9 million in 2021, and our gross profit margin decreased from 37.1% to 33.7%.

Raw milk business

Gross profit of raw milk business increased by 19.9% from US$128.3 million in 2020 to US$153.8 million in 2021. Gross profit margin of raw milk decreased from 36.7% in 2020 to 35.1% in 2021, mainly because (i) the Pure Source dairy farms we acquired in 2021 had a lower gross profit margin as compared to our other dairy farms due to lower utilisation rate, as they were still in ramp up stage and (ii) a 19.1% increase in average feeding costs per ton of raw milk sold, which was partially offset by a 17.2% increase in average selling price of raw milk.

Beef cattle business

Gross profit of beef cattle business decreased by 10.3% from US$21.9 million in 2020 to US$19.6 million in 2021, and gross profit margin of beef cattle business decreased from 50.8% in 2020 to 38.8% in 2021. The decrease in gross profit margin from 2020 to 2021 was primarily due to a 34.1% increase in average feeding costs per ton of beef cattle sold.

Ancillary business

Gross profit of ancillary business increased significantly from US$0.1 million in 2020 to US$2.5 million in 2021. Gross profit margin of ancillary business increased from 0.9% in 2020 to 7.6% in 2021, mainly due to the change of our product mix.

Other Income and Gains

Our other income and gains increased by 135.5% from US$5.9 million in 2020 to US$14.0 million in 2021, which was primarily due to the increase in insurance claims and the bargain gains resulting from the acquisition of the Pure Source dairy farms.

Losses Arising from Changes in Fair Value less Costs to Sell of Other Biological Assets

Our losses arising from changes in fair value less costs to sell of other biological assets decreased by 20.1% from US$14.2 million in 2020 to US$11.3 million in 2021. The decrease in losses was primarily due to (i) improved market value of our biological assets, particularly the increase in the average selling price of raw milk, which was in line with the overall raw milk industry, and (ii) improved herd structure and quality, particularly the improved milk yield.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 14.6% from US$632 thousand in 2020 to US$540 thousand in 2021, which was primarily due to the decrease of advertising and promotion expenses as a result of the shift of our focus to B2B sales. Our selling and distribution expenses as a percentage of revenue remained relative stable in 2020 and 2021 at 0.2% and 0.1%, respectively.

Administrative Expenses

Our administrative expenses increased by 78.0% from US$24.2 million in 2020 to US$43.0 million in 2021. Our administrative expenses as a percentage of revenue increased from 6.0% in 2020 to 8.2% in 2021, primarily due to (i) the increase of employee benefits, which was mainly attributable to our increased share-based payment expenses and (ii) the consolidation of the financial results of Pure Source dairy farms, which were smaller in operational scale and still in ramp up, after our acquisition in June 2021.

Impairment Losses on Financial Assets

We recorded impairment losses on financial assets of US$4.9 million in 2021, which represents the provision we made in light of the lower credit rating of our investee company. The investee company is Food Union AustAsia Holdings Pte. Ltd. ("**Food Union AustAsia**"), a private company which is principally engaged in the sale of dairy products in China. Food Union AustAsia is the PRC subsidiary of an international dairy and ice cream production and distribution group. Food Union AustAsia has incurred historical loss because its business was still at its early stage and has yet to achieve break-even production level. Since December 2015, we have made several rounds of equity investment in, and provided shareholder's loans to, Food Union AustAsia. Our equity investment in Food Union AustAsia recognised as equity investment designated at fair value through other comprehensive income were US$1.2 million, US$1.2 million, US$0.8 million and US$0.8 million as of 31 December 2019, 2020, 2021 and 30 June

2022, respectively. The fair values of the equity investment have been established annually by our management based on a market-based valuation technique. See "*Financial Information – Valuation of Financial Assets and Liabilities*" and Note 2.4 of the Accountants' Report as set out in Appendix I to this prospectus for details. We did not record any impairment losses in 2020. Taking into account (i) Food Union AustAsia's sales had not yet improved in 2021 and (ii) the market conditions, we assessed that the credit risk of our equity investment had significantly increased and made the provision in 2021 accordingly. The balance of our shareholder's loans to Food Union AustAsia before provision of impairment losses (including interests payable) was US$13.2 million, US$16.4 million, US$16.8 million and US$16.9 million as of 31 December 2019, 2020, 2021 and 30 June 2022, respectively. We believe that the impairment losses on the shareholder's loans were sufficient as of the end of the years comprising the Track Record Period. To our knowledge, no other past or present relationships (business, employment, family, trust, financing or otherwise) existed or exist between the Group and Food Union AustAsia, their subsidiaries, directors, shareholders or senior management, or any of their respective associates.

Other Expenses

Our other expenses decreased by 57.3% from US$3.4 million in 2020 to US$1.4 million in 2021. The decrease was primarily due to (i) the decrease in foreign exchange losses, net from US$1.6 million in 2020 to a net gain that is recorded in other income in 2021, and (ii) the decrease in fair value and investment losses on derivative financial instruments from US$872 thousand in 2020 to US$63 thousand in 2021.

Finance Costs

Our finance costs increased by 59.0% from US$13.6 million in 2020 to US$21.6 million in 2021. The increase was primarily due to (i) an increase in interest on bank loans from US$9.2 million in 2020 to US$13.4 million in 2021, which was mainly attributable to our loan facility in connection with the acquisition of Pure Source dairy farms, which bears an interest rate of LIBOR plus 4% per annum, and (ii) an increase in interest on lease liabilities in connection with the acquisition of Pure Source dairy farms.

Profit before Tax from Continuing Operations

As a result of the foregoing, our profit before tax from continuing operations increased by 6.8% from US$100.2 million in 2020 to US$107.0 million in 2021.

Income Tax Expense

Our income tax expense increased by 118.5% from US$1.1 million in 2020 to US$2.4 million in 2021, which was primarily attributable to the increases in our effective tax rate from 1.1% in 2020 to 2.3% in 2021, due to the change in collection party of royalty income from GDS to the Company from April 2020.

Profit for the Year from Continuing Operations

As a result of the foregoing, our profit for the year from continuing operations increased by 5.5% from US$99.1 million in 2020 to US$104.6 million in 2021, and our net profit margin from continuing operations decreased from 24.5% in 2020 to 20.0% in 2021.

Year ended 31 December 2020 Compared to Year ended 31 December 2019

Revenue

	Year ended 31 December		
	2019	2020	% Change
	(US$'000)		
Revenues			
Raw milk business	315,586	349,834	10.9%
Beef cattle business	22,236	43,003	93.4%
Ancillary business	13,683	11,955	(12.6)%
Total	351,505	404,792	15.2%

Our revenue increased by 15.2% from US$351.5 million in 2019 to US$404.8 million in 2020, primarily due to a growth in revenue generated from our raw milk business and, to a lesser extent, our beef cattle business.

Raw milk business

	Year ended 31 December		
	2019	2020	% Change
Raw milk business revenues (US$'000)	315,586	349,834	10.9%
Percentage of revenues	89.8%	86.4%	N/A
Raw milk business – sales volume (tons)	533,787	551,812	3.4%
Raw milk business – average selling price (US$/ton)	591	634	7.2%

Revenue generated from the raw milk business increased by 10.9% from US$315.6 million in 2019 to US$349.8 million in 2020, which was mainly due to (i) a 3.4% increase in the sales volume of raw milk as a result of (a) the increase in our milkable cows as our heifers matured and (b) an increase of our annualised average milk yield per milkable cow from 12.6 ton/year in 2019 to 12.8 tons/year in 2020, and (ii) a rise in the average selling price of raw milk from US$591 per ton in 2019 to US$634 per ton in 2020, which was generally in line with raw milk supply and demand dynamics in the market.

Beef cattle business

	Year ended 31 December		
	2019	2020	% Change
Beef cattle business revenues (US$'000)	22,236	43,003	93.4%
Percentage of revenues	6.3%	10.6%	N/A
Beef cattle business – sales volume (ton)	5,159	9,118	76.7%
Beef cattle business – average selling price (US$/ton)	4,310	4,716	9.4%

Revenue generated from the beef cattle business increased by 93.4% from US$22.2 million in 2019 to US$43.0 million in 2020, which was mainly due to (i) a 76.7% increase in the sales volume of beef cattle, driven by an increase in our beef cattle herd size and the increasing demand for beef and (ii) a rise in the average selling price of beef cattle from US$4,310 per ton in 2019 to US$4,716 per ton in 2020, which was generally in line with the industry trend.

Ancillary business

Revenue generated from ancillary businesses decreased by 12.6% from US$13.7 million in 2019 to US$12.0 million in 2020, which was mainly because we shifted the focus to B2B sales.

Cost of Sales

Our cost of sales increased by 15.1% from US$351.5 million in 2019 to US$404.7 million in 2020, and our cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments increased by 8.9% from US$233.9 million in 2019 to US$254.7 million in 2020. The increase in our cost of sales was in line with the growth in our revenue. In particular, our feeding costs increased by 12.7% from US$165.7 million in 2019 to US$186.7 million in 2020 primarily due to an increase in our consumption as our cow herd expanded and an increase in the procurement costs of feed and feed additives.

Gains Arising from Initial Recognition of Raw Milk at Fair Value less Costs to Sell at the Point of Harvest

Our gains arising from initial recognition of raw milk at fair value less costs to sell at the point of harvest were US$108.1 million in 2019 and US$128.3 million in 2020. The change mainly reflects a 3.1% increase in raw milk production volume from 565,359 tons in 2019 to 582,827 tons in 2020 and a higher average selling price.

Gains Arising from Changes in Fair Value less Costs to Sell of Beef Cattle

Our gains arising from changes in fair value less costs to sell of beef cattle increased by 62.3% from US$13.5 million in 2019 to US$21.9 million in 2020. The change mainly reflects an increase in the sales volume of our beef cattle.

Gross Profit

As a result of the foregoing, our gross profit increased by 23.6% from US$121.6 million in 2019 to US$150.2 million in 2020, and our gross profit margin increased from 34.6% to 37.1%.

Raw milk business

Gross profit of raw milk business increased by 18.6% from US$108.1 million in 2019 to US$128.3 million in 2020. Gross profit margin of raw milk increased from 34.3% in 2019 to 36.7% in 2020, mainly because of (i) a 7.3% increase in the average selling price of our raw milk and (ii) a 1.6% increase in our annualised average milk yield per milkable cow from 12.6 tons in 2019 to 12.8 tons in 2020.

Beef cattle business

Gross profit of beef cattle business increased by 62.3% from US$13.5 million in 2019 to US$21.9 million in 2020 and gross profit margin of beef cattle decreased from 60.5% in 2019 to 50.8% in 2020. The decrease in gross profit margin from 2019 to 2020 was primarily due to higher depreciation cost of fixed assets as we expanded our beef cattle business.

Ancillary business

We recorded gross loss of US$0.03 million in 2019 and gross profit of US$0.1 million in 2020, as we shifted our focus from B2C business to B2B business, which has a higher gross profit margin.

Other Income and Gains

Our other income and gains increased by 19.8% from US$5.0 million in 2019 to US$5.9 million in 2020, which was primarily due to the increase in successful insurance claims.

Losses Arising from Changes in Fair Value less Costs to Sell of Other Biological Assets

Our losses arising from changes in fair value less costs to sell of other biological assets increased by 17.6% from US$12.0 million in 2019 to US$14.2 million in 2020. The increase in losses was primarily due to higher losses from the culling and death of dairy cows, partially offset by increase of fair value less costs to sell of dairy cows at the end of the year.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 84.9% from US$4.2 million in 2019 to US$0.6 million in 2020. The significant decrease was due to our shift of focus on B2B sales for our milk products, resulting in lower advertising and promotion expenses. Due to the same reason, our selling and distribution expenses as a percentage of revenue decreased from 1.2% in 2019 to 0.2% in 2020.

Administrative Expenses

Our administrative expenses increased by 47.5% from US$16.4 million in 2019 to US$24.2 million in 2020. The increase was primarily due to the significant increase of employee benefits, which was mainly attributable to the increased number of employees and the newly adopted employee benefit programme. Our administrative expenses as a percentage of revenue increased from 4.7% in 2019 to 6.0% in 2020, because we adopted the AAG PSP since July 2020.

Other Expenses

Our other expenses decreased by 28.5% from US$4.7 million in 2019 to US$3.4 million in 2020. The decrease was primarily due to the decrease in foreign exchange losses from US$3.9 million in 2019 to US$1.6 million in 2020.

Finance Costs

Our finance costs decreased by 5.6% from US$14.4 million in 2019 to US$13.6 million in 2020. The decrease was primarily due to the decrease in interest on bank loans from US$10.9 million in 2019 to US$9.2 million in 2020, which was mainly attributable to (i) the decrease in interest rate in bank loan and (ii) the decrease in the outstanding loan amount.

Profit before Tax from Continuing Operations

As a result of the foregoing, our profit before tax from continuing operations increased by 34.0% from US$74.8 million in 2019, to US$100.2 million in 2020.

Income Tax Expense

Our income tax expense increased from US$0.1 million in 2019 to US$1.1 million in 2020, which was primarily attributable to the increases in our taxable income and effective tax rate. Our effective tax rate increased from 0.2% in 2019 to 1.1% in 2020, due to the change in collection of royalty income from GDS to the Company since April 2020.

Profit for the Year from Continuing Operations

As a result of the foregoing, our profit for the year from continuing operations increased by 32.8% from US$74.6 million in 2019 to US$99.1 million in 2020 and our net profit margin from continuing operations increased from 21.2% in 2019 to 24.5% in 2020.

DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS OF OUR GROUP

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our Group's audited consolidated financial statements included in Appendix I to this prospectus:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(US$'000)		
Non-current assets				
Property, plant and equipment	308,514	295,252	416,358	408,662
Right-of-use assets	51,435	47,256	161,201	172,059
Intangible assets	2,205	809	780	631
Biological assets	361,829	386,302	477,697	497,633
Equity investment designated at fair value through other comprehensive income	1,233	1,233	816	816
Deferred tax assets	1,187	–	–	–
Other long-term assets	1,575	2,805	8,071	6,905
Long-term receivable	13,151	16,407	11,855	12,028
Derivative financial instruments	25	–	–	–
Total non-current assets	**741,154**	**750,064**	**1,076,778**	**1,098,734**
Current assets				
Inventories	87,845	102,464	160,665	109,210
Biological assets	24,178	33,524	49,217	62,865
Trade receivables	52,050	36,094	46,600	41,273

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(US$'000)			
Prepayments, other receivables and other assets	10,694	8,354	18,727	25,899
Cash and cash equivalents	51,204	43,317	22,145	47,155
Pledged deposits	3,435	1,622	1,103	885
Total current assets	**229,406**	**225,375**	**298,457**	**287,287**
Total assets	**970,560**	**975,439**	**1,375,235**	**1,386,021**
Current liabilities				
Trade payables	85,987	54,942	79,640	75,345
Other payables and accruals	36,729	38,515	38,410	43,018
Share appreciation liability	–	1,307	4,587	771
Loans from a shareholder	4,000	2,200	6,300	6,300
Derivative financial instruments	996	3,947	–	–
Interest-bearing bank borrowings	88,373	70,787	65,556	109,982
Lease liabilities	2,791	3,869	5,451	13,749
Deferred income	385	1,475	1,596	858
Tax payable	912	688	1,077	474
Total current liabilities	**220,173**	**177,730**	**202,617**	**250,497**
Net current assets	**9,233**	**47,645**	**95,840**	**36,790**
Non-current liabilities				
Interest-bearing bank borrowings	124,120	71,854	202,422	166,431
Derivative financial instruments	1,859	–	–	–
Deferred tax liabilities	3,933	–	600	600
Deferred income	2,297	2,174	3,423	3,074
Lease liabilities	45,121	46,466	145,705	152,398
Other payables and accruals	3,409	–	15,036	14,270
Share appreciation liability	–	2,206	–	–
Loans from a shareholder	4,100	23,340	19,240	19,240
Total non-current liabilities	**184,839**	**146,040**	**386,426**	**356,013**
Total liabilities	**405,012**	**323,770**	**589,043**	**606,510**
Net assets	**565,548**	**651,669**	**786,192**	**779,511**
Equity attributable to owners of the parent				
Share capital	443,767	308,502	308,502	308,502
Reserves	121,781	343,167	477,690	471,009
Total equity	**565,548**	**651,669**	**786,192**	**779,511**
Total equity and liabilities	**970,560**	**975,439**	**1,375,235**	**1,386,021**

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of 31 December			As of 30 June	As of 31 October
	2019	**2020**	**2021**	**2022**	**2022**
			(US$'000)		
					(unaudited)
Current assets					
Inventories	87,845	102,464	160,665	109,210	186,977
Biological assets	24,178	33,524	49,217	62,865	54,845
Trade receivable	52,050	36,094	46,600	41,273	45,546
Prepayments, other receivables and other assets	10,694	8,354	18,727	25,899	41,115
Cash and cash equivalents	51,204	43,317	22,145	47,155	38,699
Pledged deposits	3,435	1,622	1,103	885	840
Total current assets	**229,406**	**225,375**	**298,457**	**287,287**	**368,022**
Current liabilities					
Trade payables	85,987	54,942	79,640	75,345	173,546
Other payables and accruals	36,729	38,515	38,410	43,018	65,422
Share appreciation liability	–	1,307	4,587	771	1,363
Loans from a shareholder	4,000	2,200	6,300	6,300	6,300
Derivative financial instruments	996	3,947	–	–	–
Interest-bearing bank borrowings	88,373	70,787	65,556	109,982	105,434
Lease liabilities	2,791	3,869	5,451	13,749	8,255
Deferred income	385	1,475	1,596	858	437
Tax payable	912	688	1,077	474	846
Total current liabilities	**220,173**	**177,730**	**202,617**	**250,497**	**361,603**
Net current assets	**9,233**	**47,645**	**95,840**	**36,790**	**6,419**

Our net current assets decreased to US$6.4 million as of 31 October 2022 from US$36.8 million as of 30 June 2022 mainly due to an increase in trade payables, which was partially offset by (i) a decrease in interest-bearing bank borrowings; and (ii) an increase in inventories. Our net current assets decreased from US$95.8 million as of 31 December 2021 to US$36.8 million as of 30 June 2022 primarily due to (i) a decrease in inventories; and (ii) an increase in interest-bearing bank borrowings, which were partially offset by an increase in cash and cash equivalents. Our net current assets increased from US$47.6 million as of 31 December 2020 to US$95.8 million as of 31 December 2021 mainly because of an increase in inventories, which was partially offset by an increase in trade payables. Our net current assets increased from US$9.2 million as of 31 December 2019 to US$47.6 million as of 31 December 2020 mainly due to (i) an increase in inventories due to our increased herd size and increased raw materials costs; and (ii) a decrease in trade payables as a result of our disposal of GDS. For a detailed discussion on the changes of our inventories and trade payables, see "*– Discussion of Certain Key Consolidated Statements of Financial Position Items of Our Group – Inventories*" and "*– Discussion of Certain Key Consolidated Statements of Financial Position Items of Our Group – Trade Payables*". For a detailed discussion on the changes of the balances of bank borrowings and cash positions, see "*– Liquidity and Capital Resources*".

Property, Plant and Equipment

Our property, plant and equipment consist primarily of buildings, site facilities, machinery, equipment, motor vehicles, office furniture and fixtures and construction in progress in connection with our dairy farms and beef cattle farms. We had property, plant and equipment in the amount of US$308.5 million, US$295.3 million, US$416.4 million and US$408.7 million as of 31 December 2019, 2020, 2021 and 30 June 2022. The increase in 2021 was mainly due to our acquisition of Pure Source dairy farms.

Biological Assets

Our biological assets consist of dairy cows held to produce raw milk, beef cattle held for sale and forage crops planted to feed cows and cattle. Dairy cows are further categorised into milkable cows, calves and heifers. The following table sets forth the number of our biological assets as of the dates indicated:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(head)		
Milkable cows				
– Continuing operation	45,286	46,680	53,735	57,383
– Discontinued operation	8,939	–	–	–
Subtotal	54,225	46,680	53,735	57,383
Calves and heifers				
– Continuing operation	40,754	45,099	52,439	54,041
– Discontinued operation	6,791	–	–	–
Subtotal	47,545	45,099	52,439	54,041
Beef cattle	17,086	19,386	25,414	28,152
Total	**118,856**	**111,165**	**131,588**	**139,576**

The following table sets forth the fair value less costs to sell of dairy cows and beef cattle as of the dates indicated:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(US$'000)		
Milkable cows	263,916	280,177	344,665	356,878
Calves and heifers	97,913	106,125	133,032	140,755
Beef cattle	24,178	33,524	49,217	52,917
Forage plants	–	–	–	9,948
Total	**386,007**	**419,826**	**526,914**	**560,498**
Current	24,178	33,524	49,217	62,865
Non-current	361,829	386,302	477,697	497,633

The fair value of our biological assets increased from US$386.0 million as of 31 December 2019 to US$419.8 million as of 31 December 2020 and further to US$526.9 million as of 31 December 2021 and US$560.5 million as of 30 June 2022. The increase in the fair value of our biological assets during the Track Record Period was primarily due to (i) continuing increase in the fair value of dairy cows as a result of the increases in the number of dairy cows, raw milk price and the improved herd structure and quality; (ii) continuing increase in the fair value of calves and heifers as a result of the increased number of calves and heifers and (iii) continuing increase in the fair value of beef cattle as a result of the increase in the number of beef cattle. In addition, our acquisition of the Pure Source dairy farms in June 2021 also contributed to the increase in the fair value of biological assets by the addition to our herd size.

Our dairy cows and beef cattle were independently valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with us, which has appropriate qualifications and experiences in valuation of biological assets. In applying these valuation methods, our independent qualified professional valuers relied on a number of assumptions, related to, among other things, the quantity and quality of our dairy cows herd, body weight of biological assets, market price of biological assets and changes in the dairy and beef farming industries. Below is a summary of significant unobservable inputs to the valuation of milkable cows as of the end of each of the years during the Track Record Period. For details of the movement and valuation of our biological assets, see "– *Valuation of Biological Assets*" and Note 22 and Note 44 to the Accountants' Report as set out in Appendix I to this prospectus.

Type	**Valuation technique**	**Significant unobservable input**	**Inter-relationship between significant unobservable inputs and fair value measurements**
Milkable cows	The fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process ranged from RMB2.22 to RMB2.94, RMB2.20 to RMB2.70, RMB1.90 to RMB2.40 and RMB1.80 to RMB2.30 at 30 June 2022, 31 December 2021, 2020 and 2019, respectively.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
		A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield per head at each lactation cycle ranges from 26kg to 38kg, 25kg to 38kg, 27kg to 38kg and 26kg to 40kg at 30 June 2022, 31 December 2021, 2020 and 2019, respectively.	An increase in the estimated daily milk yield per head used would result in an increase in the fair value measurement of the milkable cows and vice versa.
		Estimated average prices of raw milk per kg ranged from RMB4.56 to RMB5.29, RMB4.54 to RMB5.26, RMB4.10 to RMB4.80 and RMB4.00 to RMB4.60 as of 30 June 2022, 31 December 2021, 2020 and 2019, respectively.	An increase in the estimated average price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa.
		Discount rate for estimated future cash flows used was 12%, 12%, 12% and 12% as of 30 June 2022, 31 December 2021, 2020 and 2019, respectively.	An increase in the estimated discount rate used would result in a decrease in the fair value measurement of the milkable cows and vice versa.

Right of Use Assets

Our right-of-use assets include our leasehold lands and leased properties. We had right-of-use assets in the amount of US$51.4 million, US$47.3 million, US$161.2 million and US$172.1 million as of 31 December 2019, 2020 and 2021 and 30 June 2022, respectively. The increase in 2021 was mainly due to the acquisition of the Pure Source dairy farms in June 2021.

Inventories

Our inventories primarily consist of raw materials, low-value consumables and finished goods. For our raw milk business, purchased feed is classified as raw materials. The following table sets forth the components of our inventories and the turnover days of inventories as of the dates indicated:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(US$'000)		
Raw materials	77,991	96,604	151,973	102,351
Low-value consumables	7,722	4,909	6,246	5,683
Finished goods	2,132	951	2,446	1,176
	87,845	102,464	160,665	109,210

Our inventories totalled approximately US$87.8 million, US$102.5 million, US$160.7 million and US$109.2 million as of 31 December 2019, 2020 and 2021 and 30 June 2022. The increase during the Track Record Period was primarily due to an increase in raw materials from US$78.0 million as of 31 December 2019 to US$96.6 million as of 31 December 2020 and a further increase to US$152.0 million as of 31 December 2021, which was primarily due to the increase in raw materials resulting from larger herd size. The decrease from 31 December 2021 to 30 June 2022 was primarily due to the decrease in raw materials from US$152.0 million to US$102.4 million, as we typically purchase silage during the harvest season between September and November each year, which are subsequently being utilised throughout the entire year that follows.

The following table sets forth our inventory turnover days for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2019	2020	2021	2022
	(days)			
Inventory turnover days[1]	131	136	140	116

Note:

(1) The inventory turnover days are calculated using the average of beginning balance and ending balance of inventories for a period divided by cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments and multiplied by the number of days for the period (365 days for the years ended 31 December 2019, 2020 and 2021 and 181 days for the six months ended 30 June 2022).

In 2019, 2020 and 2021 and the six months ended 30 June 2022, our inventory turnover days were 131 days, 136 days, 140 days and 116 days. The increase in our inventory turnover days for 2021 was primarily due to our strategy to increase the stock level for raw materials for feed in anticipation of our future expansion of herd size and raw materials price fluctuation. Our inventory turnover days decreased to 116 days in the six months ended 30 June 2022, primarily due to seasonal fluctuation as we typically purchase silage during the harvest season between September and November each year.

As of 31 October 2022, US$67.1 million of our inventories were used or consumed, representing 61.5% of our inventories as of 30 June 2022.

We regularly monitor our inventory and conduct stock takes in accordance with our inventory management policies. The relatively low subsequent usage of inventories was primarily due to (i) the seasonality of our raw materials which are considered part of the normal course of business and (ii) our strategic decision to stock up on inventories because of the increasing feed price. We typically stock a large quantity of silage during its harvest season between September and November, which are subsequently utilised throughout the year. For forage grass, corn and soybean-based products, we normally maintain a month of inventories. For these reasons, we do not believe there is any recoverability issue for our inventories.

Trade Receivables

Our trade receivables represent the outstanding amounts receivable by us from our customers in connection with the sales of our raw milk, beef and milk products. Trade receivables are obtained when we have an unconditional right to contract consideration and upon invoicing the customer based on the payment schedule provided in the relevant agreements. Trade receivables are generally due for settlement within one year and therefore are all classified as current. The table below sets forth our trade receivable balances as of the dates indicated:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(US$'000)			
Trade receivables	52,294	36,094	46,600	41,273
Less: impairment	(244)	–	–	–
	52,050	36,094	46,600	41,273

Our trade receivables decreased from US$52.1 million as of 31 December 2019 to US$36.1 million as of 31 December 2020, primarily due to the disposal of GDS. Our trade receivables increased from US$36.1 million as of 31 December 2020 to US$46.6 million as of 31 December 2021, primarily due to an increase in sales of our raw milk and milk products, which were in line with the overall growth of our business. Our trade receivables decreased to US$41.3 million as of 30 June 2022, primarily due to our increased efforts and better management in the collection of trade receivables.

Our trading terms with our customers for sale of raw milk and milk products are mainly on credit. The credit period of sale of raw milk is 30 days after invoice date. The credit period of sale of milk products is generally 30 – 45 days after invoice date, extending up to 90 days for certain customers. Each customer has a maximum credit limit. We seek to maintain strict control over our outstanding receivables and has a credit control procedure to minimise credit risk. Overdue balances are reviewed regularly by senior management. We have certain collateral measures against our outstanding trade receivables balance. Trade receivables are non-interest-bearing.

The following is the aging analysis of trade receivables, net of allowance for credit losses, presented based on the delivery dates:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
	(US$'000)			
Within 1 month	45,522	34,061	45,108	40,784
1 to 2 months	3,251	2,031	1,337	422
2 to 3 months	940	2	98	33
Over 3 months	2,337	–	57	34
	52,050	36,094	46,600	41,273

As of 31 December 2019, 2020 and 2021 and 30 June 2022, trade receivables amount of US$37.2 million, US$33.4 million, US$40.4 million and US$37.4 million were pledged to banks to secure certain of our bank borrowings.

The following table sets forth our trade receivables turnover days for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2019	**2020**	**2021**	**2022**
	(days)			
Trade receivables turnover days[(1)]	51	40	29	29

Note:

(1) The trade receivables turnover days are calculated using the average of beginning balance and ending balance of trade receivables for a period divided by revenue and multiplied by the number of days for the period (365 days for the year ended 31 December 2019, 2020 and 2021 and 181 days for the six months ended 30 June 2022). The closing balance of trade receivables as of 31 December 2019 included GDS's trade receivables, while our revenue for 2019 and 2020 do not include those of GDS's.

Our average trade receivables turnover days were 51 days, 40 days, 29 days and 29 days for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022. The decrease in the average trade receivables turnover days from 2019 to 2021 was mainly due to our disposal of GDS.

As of 31 October 2022, our trade receivables of US$41.1 million were settled, representing 99.7% of our trade receivables outstanding as of 30 June 2022.

Trade Payables

Our trade payables mainly represent purchases of raw materials. The table below sets forth the components of our trade payables as of the dates indicated:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(US$'000)		
Trade payables	85,987	54,942	79,640	75,345

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute or disagreement with our suppliers in relation to the timing, amounts of billing or the payment of our trade payables.

Our trade payables decreased from US$86.0 million as of 31 December 2019 to US$54.9 million as of 31 December 2020 primarily due to the disposal of GDS. Our trade payables increased from US$54.9 million as of 31 December 2020 to US$79.6 million as of 31 December 2021 primarily due to the consolidation of Pure Source into our Group. Our trade payables decreased from US$79.6 million as of 31 December 2021 to US$75.3 million as of 30 June 2022 due to a lower amount of feed purchase in the six months ended 30 June 2022.

The table below sets forth the aging analysis of our trade payables presented based on the invoice date at the end of each reporting period:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
		(US$'000)		
Within 2 months	61,273	49,492	71,248	63,777
2 to 6 months	20,518	3,179	6,192	9,075
6 to 12 months	3,083	1,174	926	1,229
Over 1 year	1,113	1,097	1,274	1,264
Total	**85,987**	**54,942**	**79,640**	**75,345**

	For the year ended 31 December			For the six months ended 30 June
	2019	2020	2021	2022
	(days)			
Trade payables turnover days[1]	124	101	71	67

Note:

(1) The trade payables turnover days are calculated by using the average balance of payables divided by the cost of sales before raw milk fair value adjustments and beef cattle cumulative fair value adjustments and multiplied by the number of days for the period (365 days for the years ended 31 December 2019, 2020 and 2021 and 181 days for the six months ended 30 June 2022). The closing balance of trade payables as of 31 December 2019 included GDS's trade payables, while our cost of sales for 2019 and 2020 do not include those of GDSs.

Our average trade payables turnover days were 124 days, 101 days, 71 days and 67 days in 2019, 2020 and 2021 and the six months ended 30 June 2022. The trade payables turnover days decreased from 124 days in 2019 to 101 days in 2020, which was mainly as a result of the disposal of GDS. The decrease in the trade payables turnover days in 2021 were mainly due to (i) the fact that the opening balance of our trade payables included the balance of GDS, and (ii) faster payment cycle for the procurement of feed. Our trade payable turnover days decreased to 67 days in the six months ended 30 June 2022, primarily due to a higher amount of feed purchase in the second half of the year ended 31 December 2021.

As of 31 October 2022, our trade payables of US$57.5 million were settled, representing 76.3% of our trade payables outstanding as of 30 June 2022.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets represent mainly advances paid for purchase of raw material, prepaid expenses, deposits and other receivables. The table below sets forth the components of our prepayments, other receivables and other assets as of the dates indicated:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(US$'000)			
Prepayments	9,872	8,189	18,311	24,853
Deposits and other receivables	822	165	416	1,046
Total	**10,694**	**8,354**	**18,727**	**25,899**

Our prepayments, deposits and other receivables totalled US$10.7 million, US$8.4 million, US$18.7 million and US$25.9 million as of 31 December 2019, 2020 and 2021 and 30 June 2022. Our prepayments, other receivables and other assets remain relatively stable in 2019 and 2020. The significant increases in 2021 and the six months ended 30 June 2022 was primarily due to advances for purchase of raw material, which was to secure more feedstock in times of rising feed material. Out of the total prepayments, deposits and other receivables as of 31 December 2021 and 30 June 2022, approximately US$10.8 million and US$7.5 million was related to feed material.

As of 31 October 2022, our prepayments and other receivables of US$14.4 million were settled, representing 55.5% of our prepayments and other receivables outstanding as of 30 June 2022.

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. As of 31 December 2019, 2020 and 2021 and 30 June 2022, the loss allowance was assessed to be minimal.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios during the periods indicated or as of the dates indicated:

	For the year ended/as of 31 December			For the six months ended/as of 30 June
	2019	2020	2021	2022
Gross profit margin(1)	34.6%	37.1%	33.7%	24.5%
Net profit margin(2)	21.2%	24.5%	20.0%	10.7%
Adjusted net profit margin (non-IFRS measure)(3)	21.5%	25.7%	23.1%	14.8%
EBITDA margin (non-IFRS measure)(4)	29.7%	32.2%	28.7%	20.8%
Adjusted EBITDA margin (non-IFRS measure)(5)	30.0%	33.4%	31.8%	24.9%
Return on equity(6)	13.9%	16.3%	14.5%	N/A
Return on assets(7)	7.9%	10.2%	8.9%	N/A
Current ratio(8)	1.0	1.3	1.5	1.1
Quick ratio(9)	0.6	0.7	0.7	0.7
Gearing ratio(10)	47.5%	33.5%	56.6%	60.1%
Net gearing ratio(11)	37.8%	26.6%	53.6%	53.9%

Notes:

(1) Calculated as gross profit divided by revenue for the period and multiplied by 100%.

(2) Calculated as net profit from continuing operations divided by revenue for the period and multiplied by 100%.

(3) Calculated as adjusted net profit, a non-IFRS measure, divided by revenue for the period and multiplied by 100%.

(4) Calculated as EBITDA, a non-IFRS measure, divided by revenue for the period and multiplied by 100%.

(5) Calculated as adjusted EBITDA, a non-IFRS measure, divided by revenue for the period and multiplied by 100%.

(6) Equals profit for the year/period from continuing operations divided by the average of the beginning and ending total equity for that year/period and multiplied by 100%.

(7) Equals profit for the year/period from continuing operations divided by the average of the beginning and ending total assets for that year/period and multiplied by 100%.

(8) Equals current assets divided by current liabilities as of the same date.

(9) Equals current assets less inventories and divided by current liabilities as of the same date.

(10) Equals bank interest-bearing borrowings, loans from a shareholder and lease liabilities divided by total equity and multiplied by 100%.

(11) Equals net debt divided by the total capital. Net debt represents the sum of interest-bearing borrowings, loans from a shareholder and lease liabilities less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the parent company.

LIQUIDITY AND CAPITAL RESOURCES

Our cash is primarily used for funding working capital, payment for plant and equipment and other capital expenditures. During the Track Record Period, we met our requirements for working capital and other capital expenditure through a combination of cash generated from operating activities and bank borrowings. The following table sets forth a summary of our cash flows for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$'000)		
				(unaudited)	
Net cash flows from operating activities	110,346	80,885	114,794	99,392	99,650
Net cash used in investing activities	(55,883)	(84,949)	(223,643)	(169,834)	(73,925)
Net cash generated from/(used in) financing activities	(40,213)	(6,696)	87,556	86,404	1,216
Net increase/(decrease) in cash and cash equivalents	14,250	(10,760)	(21,293)	15,962	26,941
Effect of exchange rate changes on cash and cash equivalents	(710)	2,873	121	455	(1,931)
Cash and cash equivalents at the beginning of the year	**37,664**	**51,204**	**43,317**	**43,317**	**22,145**
Cash and cash equivalents at the end of the year	**51,204**	**43,317**	**22,145**	**59,734**	**47,155**

Net Cash Flows from Operating Activities

In the six months ended 30 June 2022, net cash flows from operating activities amounted to US$99.7 million, which was mainly attributable to profit before tax for the period of US$30.9 million, adjusted for (i) net loss from changes in fair value of biological assets of US$3.0 million, which is a non-cash item; (ii) finance costs of US$14.4 million that is accounted for as cash used in financing activities; and (iii) depreciation of property, plant and equipment of US$10.5 million, which is a non-cash item. The amount was further adjusted by changes in working capital that has a positive effect on cashflow, primarily a decrease in inventories of US$43.0 million, as well as changes in working capital that has a negative effect on cash flow, primarily a decrease in trade payables and other payables and accruals of US$2.2 million.

In 2021, net cash flows from operating activities amounted to US$114.8 million, which was mainly attributable to profit before tax for the year of US$107.0 million, adjusted for (i) finance costs of US$21.6 million that is accounted for as cash used in financing activities; (ii) depreciation of property, plant and equipment of US$18.7 million, which is a non-cash item; and (iii) share-based payments of US$14.2 million, which is a non-cash item. The amount was further adjusted by changes in working capital that has a negative effect on cash flow, primarily an increase in inventories of US$48.7 million and an increase in trade receivables and prepayments, other receivables and other assets of US$17.6 million, as well as changes in working capital that has a positive effect on cashflow, primarily an increase in trade payables and other payables and accruals of US$26.8 million.

In 2020, net cash flows from operating activities amounted to US$80.9 million, which was mainly attributable to profit before tax for the year of US$97.5 million, adjusted for (i) depreciation of property, plant and equipment of US$16.3 million, which is a non-cash item; (ii) finance costs of US$15.0 million that is accounted for as cash used in financing activities; and (iii) share-based payments of US$4.9 million, which is a non-cash item. The amount was further adjusted by changes in working capital that has a negative effect on cash flow, primarily a decrease in trade payables and other payables and accruals of US$21.5 million, an increase in inventories of US$18.4 million and an increase in trade receivables and prepayments, other receivables and other assets of US$5.2 million.

In 2019, net cash flows from operating activities amounted to US$110.3 million, which was mainly attributable to profit before tax for the year of US$73.4 million, adjusted for (i) depreciation of property, plant and equipment of US$20.1 million, which is a non-cash item; (ii) finance costs of US$20.1 million that is accounted for as cash used in financing activities; and (iii) unrealised foreign currency loss of US$8.7 million, which is a non-cash item. This amount was further adjusted by changes in working capital that has a negative effect on cash flow, primarily an increase in inventories of US$8.0 million.

Net Cash Flows Used in Investing Activities

In the six months ended 30 June 2022, net cash flows used in investing activities amounted to US$73.9 million, which was mainly attributable to (i) purchase/capitalisation of biological assets of US$88.6 million, and (ii) purchases of items of property, plant and equipment of US$29.4 million, partially offset by proceeds from disposal of biological assets of US$43.5 million.

In 2021, net cash flows used in investing activities amounted to US$223.6 million, which was mainly attributable to (i) purchase/capitalisation of biological assets of US$132.7 million, (ii) acquisition of a subsidiary of US$115.5 million, and (iii) purchases of items of property, plant and equipment of US$68.3 million, partially offset by proceeds from disposal of biological assets of US$92.0 million.

In 2020, net cash flows used in investing activities amounted to US$84.9 million, which was mainly attributable to (i) purchase/capitalisation of biological assets of US$97.7 million, (ii) purchases of items of property, plant and equipment of US$59.3 million, and (iii) cash disposed arising from the disposal of subsidiaries of US$2.3 million, partially offset by proceeds from disposal of biological assets of US$75.2 million.

In 2019, net cash flows used in investing activities amounted to US$55.9 million, which was mainly attributable to (i) purchase/capitalisation of biological assets of US$88.6 million, and (ii) purchases of items of property, plant and equipment of US$28.0 million, partially offset by proceeds from disposal of biological assets of US$63.9 million.

Net Cash Flows from/(Used in) Financing Activities

In the six months ended 30 June 2022, net cash flows from financing activities amounted to US$1.2 million, which was mainly attributable to new interest-bearing bank borrowings of US$55.9 million, partially offset by repayment of interest-bearing bank borrowings of US$37.3 million.

In 2021, net cash flows from financing activities amounted to US$87.6 million, which was mainly attributable to new interest-bearing bank borrowings of US$267.4 million, partially offset by (i) repayment of interest-bearing bank borrowings of US$147.4 million, (ii) principal portion of lease payments of US$14.4 million, and (iii) interest paid of US$13.9 million.

In 2020, net cash flows used in financing activities amounted to US$6.7 million, which was mainly attributable to (i) repayment of interest-bearing bank borrowings of US$122.6 million, (ii) interest paid of US$11.9 million and (iii) principal portion of lease payments of US$5.0 million, partially offset by new interest-bearing bank borrowings of US$101.0 million and net increase in loans from a shareholder of US$31.8 million.

In 2019, net cash flows used in financing activities amounted to US$40.2 million, which was mainly attributable to (i) repayment of interest-bearing bank borrowings of US$79.6 million, (ii) interest paid of US$17.0 million and (iii) principal portion of lease payments of US$4.5 million, partially offset by new interest-bearing bank borrowings of US$56.9 million.

INDEBTEDNESS

At the close of business on 31 October 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the date of this prospectus, our indebtedness included: (i) interest-bearing bank borrowings of US$288.6 million; (ii) loans from a shareholder of US$25.5 million and (iii) lease liabilities of US$182.9 million. As of the same date, we had unutilised bank borrowings of US$192.5 million.

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of 31 December			As of 30 June	As of 31 October
	2019	2020	2021	2022	2022
			(US$'000)		
					(unaudited)
Current					
Bank loans – secured	32,320	11,556	25,056	57,182	51,464
Current portion of long-term bank loans – secured	56,053	59,231	40,500	52,800	53,970
Loans from a shareholder	4,000	2,200	6,300	6,300	6,300
Lease liabilities	2,791	3,869	5,451	13,749	8,255
Non-current					
Bank loans – secured	124,120	71,854	202,422	166,431	183,199
Loans from a shareholder	4,100	23,340	19,240	19,240	19,240
Lease liabilities	45,121	46,466	145,705	152,398	174,610

Bank Borrowings

We had bank loans of US$212.5 million, US$142.6 million, US$268.0 million, US$276.4 million and US$288.6 million as of 31 December 2019, 2020 and 2021 and 30 June and 31 October 2022.

As of 30 June 2022, certain of our bank loans are secured by: (i) pledge over our bank account deposit, which had an aggregated carrying value of US$0.9 million; (ii) pledge over our trade receivables, which had a net carrying value of approximately US$37.4 million; (iii) pledge over certain of our inventories totalling US$46.9 million; (iv) the mortgages of certain of our property, plant and equipment, which has an aggregated carrying amounting to US$40.0 million; (v) the mortgages of certain of our biological assets, which has an aggregated carrying amounting to US$356.5 million; (vi) pledge over the shares of certain subsidiaries which had an aggregated carrying value of US$26.4 million; and (vii) pledge over the investments in certain subsidiaries which had an aggregated carrying value of US$337.0 million.

Our facility agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Loans from a Shareholder

We had loans from Japfa (our listed parent until the completion of the Japfa Distribution) in the amount of US$8.1 million, US$25.5 million, US$25.5 million, US$25.5 million and US$25.5 million as of 31 December 2019, 2020 and 2021 and 30 June and 31 October 2022. Such loans are non-trade in nature, unsecured, and bear an interest in the range of 3.67% to 5.26% per annum. The following table sets out our loans from shareholder as of the dates indicated:

	As of 31 December			As of 30 June	As of 31 October
	2019	**2020**	**2021**	**2022**	**2022**
			(US$'000)		
					(unaudited)
Loans from a shareholder					
Current	4,000	2,200	6,300	6,300	6,300
Non-current	4,100	23,340	19,240	19,240	19,240
Total	**8,100**	**25,540**	**25,540**	**25,540**	**25,540**

Prior to the Listing Date, the Company will capitalise all of the outstanding loans from Japfa in the aggregate amount of approximately US$25.54 million by way of the issue of new Shares to Japfa (the "**Capitalisation Issue**"). The number of Shares to be issued pursuant to the Capitalisation Issue (the "**Capitalisation Shares**") will be calculated by dividing the outstanding loan amount by the final Offer Price. Based on the mid-point of the Offer Price Range, a total of 31,041,673 Captalisation Shares will be issued to Japfa, representing 4.44% of the issued Shares immediately following the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering and assuming the Over-allotment Option is not exercised. The Capitalisation Shares will form part of the Japfa Distribution and will be distributed to the Entitled Japfa Shareholders pursuant to the Japfa Distribution.

Lease Liabilities

Our lease liabilities consist of current lease liabilities and non-current lease liabilities. We have lease contracts for various items of leasehold land and buildings used in our operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and payment is made based on agreed payment schedule. Leases of buildings generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Certain of the leased assets are restricted to subleasing to parties outside our Group. The following table sets out our lease liabilities in absolute amounts as of the dates indicated:

	As of 31 December			As of 30 June	As of 31 October
	2019	**2020**	**2021**	**2022**	**2022**
			(US$'000)		
					(unaudited)
Lease liabilities					
Current	2,791	3,869	5,451	13,749	8,255
Non-current	45,121	46,466	145,705	152,398	174,610
Total	**47,912**	**50,335**	**151,156**	**166,147**	**182,865**

Our lease liabilities increased by 200.6% from US$50.3 million as of 31 December 2020 to US$151.2 million as of 31 December 2021 primarily due to the acquisition of Pure Source dairy farms. Our lease liabilities increased by 9.9% from US$151.2 million as of 31 December 2021 to US$166.1 million as of 30 June 2022 primarily due to the increased rent of existing leases for the operation of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10).

Save as aforesaid, at the close of business on 31 October 2022, we did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, debentures, hire purchase or finance lease obligations, borrowings and debts, or other material contingent liabilities.

Other Payables and Accruals

Our other payables and accruals primarily consist of construction payables, payroll payable, other non-current liability and contract liabilities. The following table sets forth the components of our other payables and accruals as of the dates indicated:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(US$'000)			
Current				
Other payables	5,420	1,345	996	1,903
Accruals	4,547	1,611	1,794	3,788
Payroll payable	9,073	8,953	11,501	8,731
Construction payables	9,352	19,546	20,146	24,998
Contract liabilities[1]	7,631	6,589	1,870	2,059
Interest payable	706	471	2,103	1,539
	36,729	38,515	38,410	43,018
Non-current				
Defined benefit obligations	3,409	–	–	–
Other non-current liability[2]	–	–	13,646	13,271
Contract liabilities[1]	–	–	1,390	999
	3,409	–	15,036	14,270

Notes:

(1) Contract liabilities

The contract liabilities of the Group represent only the advances from customers, including advances for our raw milk, milk products and beef cattle. Our contract liabilities decreased by 13.7% from US$7.6 million as of 31 December 2019 to US$6.6 million as of 31 December 2020, and further decreased primarily because advance from Customer B, a third-party customer of our raw milk, was offset to pay the raw milk purchase in 2020, which resulted in a decrease of advance for our raw milk. Our contract liabilities decreased by 50.5% from US$6.6 million as of 31 December 2020 to US$3.2 million as of 31 December 2021 primarily because advances from Customer B was offset to pay the raw milk purchase in 2021. Our contract liabilities remained relatively stable at US$3.1 million as of 30 June 2022. The following table shows revenue recognised that was included in the balance of contract liabilities at the beginning of each reporting period:

	As of 31 December			As of 30 June
	2019	2020	2021	2022
	(US$'000)			
Advances from customers	4,401	7,631	6,589	1,870

(2) Other non-current liability

As of 31 December 2021 and 30 June 2022, the balance of other non-current liability represents the deposit from Customer B for raw milk which will be due by the end of 2024. At the end of 2020, we renegotiated the raw milk supply agreement (the "**Renewed Agreement**") with Customer B upon the expiration of the original agreement. After arm's length negotiations between Customer B and the Group, Customer B agreed to pay such deposit in order to secure a long-term supply of raw milk of a large quantity at a pre-determined price range. Such long-term deposit is not common in the raw milk industry. Other raw milk customers of the Group typically do not pay long-term deposits to us as they do not lock in a long-term price. The average annual contract value under the Renewed Agreement is approximately in the range of US$90 million to US$100 million, calculated based on the minimum purchase quantity and pre-determined price range. Other than the deposit arrangement and pricing terms, Customer B does not enjoy any other special terms that are different from our other raw milk customers. The other key terms of the Renewed Agreement are similar to those of the Group's typical raw milk supply agreements with other raw milk customers. For details of Customer B, its relationship with the Group and a summary of the key terms of the Group's typical raw milk supply agreements, see "*Business – Our Customers*".

The construction payables increased by 109.0% from US$9.4 million as of 31 December 2019 to US$19.5 million as of 31 December 2020 primarily because the construction of new dairy farm of Chifeng AustAsia Dairy Farm Tongxi Branch was not yet fully completed as of 31 December 2020. The construction payables slightly increased by 3.1% from US$19.5 million as of 31 December 2020 to US$20.1 million as of 31 December 2021 primarily due to the construction or renovation of farm facilities, including the Pure Source dairy farms, which was partially offset by the settlement of the construction payables for Chifeng AustAsia Dairy Farm Tongxi Branch. The construction payables increased by 24.1% from US$20.1 million as of 31 December 2021 to US$25.0 million as of 30 June 2022 primarily due to the renovation of farm facilities and maintenance of employee dormitories and roads on our dairy farms and beef cattle feedlots.

CONTINGENT LIABILITIES

At the end of each reporting period, we had no significant contingent liability.

CAPITAL EXPENDITURES

The following table sets forth capital expenditures for the periods indicated:

	As of 31 December			As of 30 June
	2019	**2020**	**2021**	**2022**
	(US$'000)			
Capital commitments in respect of:				
Construction in progress	1,983	2,075	9,971	34,372
Purchase of property, plant and equipment	1,107	–	–	–
	3,090	2,075	9,971	34,372

Our capital expenditures increased in the six months ended 30 June 2022 primarily due to the increase in construction in progress in connection with our feed mill.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet commitments and arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors confirm that the related party transactions set out in Note 42 to the Accountants' Report in Appendix I to this prospectus were conducted in the ordinary course of business on arm's length basis and by reference to the normal commercial terms of each party. Our Directors also consider that our related party transactions during the Track Record Period would not affect our results during such period, and would not make our historical results not reflective of our future performance.

We expect that certain of our related party transactions will proceed following the Global Offering. For our related party transactions under Chapter 14A of the Listing Rules, please refer to "*Connected Transactions*".

MARKET AND OTHER FINANCIAL RISK MANAGEMENT

We are exposed to various types of market risks in the ordinary course of our business. The main risks arising from our financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. We manage our exposure to these risks through regular operating and financial activities. Our Board regularly reviews the risks and our financial risk management policy, and seeks to ensure that adequate resources are available to manage the market risks summarised below. For more details, see Note 45 to the Accountants' Report included in the Appendix I to this prospectus.

Foreign Currency Risk Management

Our exposure to foreign currency risk with respect to our continuing operations relates principally to our subsidiaries in China, as well as Singapore and Hong Kong where some of the transactions are denominated in Singapore Dollar ("**SGD**") and U.S. dollars ("**USD**"). The functional currencies of our subsidiaries in China are RMB. As of the end of the reporting period, the assets and liabilities of these entities are translated into USD at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into USD at the average exchange rates for the period during which the transactions occur. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss. Therefore, the fluctuations in the exchange rate could affect our results of operations. We entered into forward currency contracts to hedge foreign currency risk arising from our bank loans denominated in USD as disclosed in Note 45 to the Accountants' Report included in the Appendix I to this prospectus.

Sensitivity Analysis

The following table demonstrates the sensitivity of our profit before tax (due to changes in the fair values of monetary assets and liabilities) and our equity to a reasonably possible change in the RMB, SGD and USD exchange rate against the respective functional currencies of the Group's entities, with all other variable held constant:

	Increase/ (decrease) in USD rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	*US$'000*	
2019			
If the USD weakens against the RMB	(5)	54	54
If the USD strengthens against the RMB	5	(54)	(54)
If the USD weakens against the SGD	(5)	99	99
If the USD strengthens against the SGD	5	(99)	(99)
2020			
If the USD weakens against the RMB	(5)	545	545
If the USD strengthens against the RMB	5	(545)	(545)
2021			
If the USD weakens against the RMB	(5)	326	326
If the USD strengthens against the RMB	5	(326)	(326)
Six months ended 30 June 2022			
If the USD weakens against the RMB	(5)	628	628
If the USD strengthens against the RMB	5	(628)	(628)

Interest Rate Risk Management

We are exposed to the risk of changes in market interest rates that relates primarily to our obligations with a floating interest rate. We closely monitor our interest rate risk by performing periodic reviews and evaluations of our debt portfolio and gearing ratio. For details of the interest rates and terms of repayment of our bank loans, see Note 31 to the Accountants' Report included in the Appendix I to this prospectus. We also enter into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Credit Risk Management

We trade only with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to our internal credit assessment. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Concentrations of credit risk are managed by establishing internal credit assessment procedures. Management determines that there are minimal concentrations of credit risk within us as the customers of our trade receivables are recognised and creditworthy. Further quantitative data in respect of our exposure to credit risk arising from trade receivables are disclosed in Note 45 to the Accountants' Report included in Appendix I to this prospectus.

Liquidity Risk Management

We monitor our risk to a shortage of funds periodically. This procedure considers the maturity of both its financial liabilities (e.g., loan and trade payables) and financial assets (e.g., trade receivables) and projected cash flow from operations.

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. We manage its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may consider whether to declare dividend, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the relevant periods.

VALUATION OF BIOLOGICAL ASSETS

Information about the Independent Valuer of Our Biological Assets

We have engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), a firm of independent qualified professional valuer, to determine the fair value of our dairy cows and beef cattle as of 31 December 2019, 2020 and 2021. The key valuer of JLL's valuer includes Mr. Simon M.K. Chan.

Mr. Simon Chan, Executive Director at JLL, is a Fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a Fellow of CPA Australia. He is also a Chartered Valuer and Appraiser (CVA), a member of The International Association of Consultants, Valuers and Analysts (IACVA), and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Simon Chan oversees the business valuation services of JLL and has experience in corporate advisory and valuation. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States. Simon oversaw the valuation of biological assets for the initial public offerings and subsequent financial reports of Eggriculture Foods Limited (8609.HK), China Modern Dairy Holdings Ltd. (1117.HK), China Youran Dairy Group Limited (9858.HK), YuanShengTai Dairy Farm Limited (1431.HK), WH Group Limited (288.HK), China Shengmu Organic Milk Limited (1432.HK) and Shandong Fengxiang Co., Ltd. (9977.HK).

Based on market reputation and relevant background research, the Directors and the Joint Sponsors are satisfied that JLL is independent from us and is competent in conducting a valuation on our biological assets.

Valuation Methodology

In arriving at the assessed value, the Income Approach, a generally accepted approach have been considered.

Income Approach is adopted to value the milkable cows. JLL understand from the Company that generally there is no reliable market-based price for dairy cow at this stage, therefore the fair value of the milkable cows is developed through the application of income approach technique known as multi-period excess earnings method ("**MEEM**").

MEEM is a derivative of the discounted cash flow ("**DCF**") method. Using this technique, JLL estimate the direct economic benefits attributed to the milkable cows. Such economic benefits are then capitalised at a rate which reflects all business risks including intrinsic and extrinsic uncertainties in relation to the subject assets. To estimate the economic benefit, the revenues for the milkable cows are projected over their remaining useful lives. Based on the projected revenues, the costs associated with supporting the milkable cows are net off. The net income projection is then adjusted by economic capital charges. The capital charges include returns on the assets that are used or used up in the generation of the subject biological assets income projection. Our directors and Joint Sponsors confirmed that the components of the material cash flows used in the fair value measurement are consistent with market factors and assumptions used in the measurement.

Dairy cows

Calves and heifers

A market-based approach is adopted by JLL to value our calves and heifers, because recent market-based prices for heifers at a certain age exist near each reporting date and therefore the fair value of the calves and heifers is developed through the application of the market approach with reasonable adjustments to reflect age and potential milk yield differences.

Milkable Cows

An income-based approach is adopted by JLL to value our milkable cows, primarily because there is no reliable market-based price for dairy cow at this stage. In general, raisers of dairy cows do not sell dairy cows that are milkable, as milking generate more profits in the long run than the sales of dairy cows. As a result, the fair value of the milkable cows is developed through the application of an income approach technique known as MEEM**.** MEEM is a derivative of the DCF method. Using this method, JLL estimates the direct economic benefits attributed to the milkable cows. Such economic benefits are then capitalised at a rate which reflects all business risks including intrinsic and extrinsic uncertainties in relation to the subject assets. To estimate the economic benefit, the revenues for the milkable cows are projected over their remaining useful lives. Based on the projected revenues, the costs associated with supporting the milkable cows are offset. The net income projection is then adjusted by certain economical capital charges. The capital charges include returns on the assets that are used or used up in the generation of the subject biological assets income projection. Examples of such assets include fixed assets and assembled workforce.

Beef cattle

Market Approach is adopted by JLL to value the beef cattle. Because the market-based prices for newborn beefs and mature beefs can be obtained as of respective valuation dates. Given the relatively short finishing cycle of beefs, the fair values of the beefs are developed through the application of market approach with reasonable adjustments to reflect the age differences.

Key Assumptions and Inputs

Dairy cows

Key inputs for valuing our dairy cows are the number and classification of dairy cows. Based on maturity stages, our dairy cows are classified into calves and heifers and milkable cows. Different valuation approaches are adopted for calves and heifers and milkable cows.

Calves and heifers

The key inputs and assumptions for valuing our calves and heifers are the market price per head for 14 months old heifers, which was RMB19,000, RMB19,000, RMB19,500 and RMB21,000 as of 31 December 2019, 2020, 2021 and 30 June 2022.

Milkable cows

The key assumptions and inputs include the revenues from milking the dairy cows and the costs associated with the milkable cows. JLL also assumes that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which may adversely affect our business. In deriving the residual cash flow of the milkable cows, JLL has deducted returns on contributory assets, which represent charges for the use of contributory assets employed to support the milkable cows and help generate revenue. Our Directors confirmed, and the Joint Sponsors concurred, that the key bases and assumptions used by JLL in the valuation process are consistent with those used by the industry peers and are appropriate and reasonable.

The key assumptions and inputs for calculating the revenues from milking include the following:

- The number of milkable cows and their respective estimated culling rates and calf birth rates, at different lactation stages.

- The milk yield rate as adjusted by an estimated spoilage rate at different lactation stages.

- The prices for raw milk produced by, and calves and stud bulls given birth by, milkable cows at different lactation stages.

The key assumptions and inputs for calculating the costs associated with raising the milkable cows include the following:

- feed;

- salary, welfare and social insurance; and

- others.

Beef cattle

The key inputs and assumptions for valuing Holstein Beef, Angus Beef, Wagyu Beef, Charolais Beef are the market price per head for newborn beef and mature beef, respectively. As Charolais Beef, Limousin Beef and Simmental Beef are still at the breeding stage, no trading contracts of such mature beefs or active market data are available as of the relevant valuation dates. Since the market prices of mature Charolais Beef, Limousin Beef and Simmental Beef are unavailable, the fair values of these three categories are determined with adjustment according to actual breeding expense and the newborn beef market price.

Our Directors and the Joint Sponsors discussed with JLL in relation to their methodologies, procedures, key bases and assumptions and understand that JLL has conducted the biological asset valuation in accordance with International Accounting Standard 41 – Agriculture, issued by the International Accounting Standards Board and with reference to the International Valuation Standards, issued by the International Valuation Standards Council. The key assumptions, as detailed above, are made based on the historical actual operation performance of the Company. JLL has obtained and discussed with us regarding the historical actual operation data from us, and considered and reviewed whether they are appropriate and reasonable to be used in the valuation. JLL confirmed that their valuation procedures provide a reasonable basis for their opinion, the inputs used in the valuation technique are appropriate and reasonable. Our Directors and the Joint Sponsors confirm that the key bases and assumptions adopted are consistent with industry practice and in line with the actual figures during the Track Record Period.

The Joint Sponsors and JLL conducted a number of site inspections to perform an independent verification of the biological assets without experiencing any limitation in material aspect. JLL also engaged a third-party independent consultant to advise on the physical and biological attributes of the biological assets.

The Joint Sponsors had various discussions with JLL in relation to its valuation procedures, valuation bases and assumptions, valuation techniques and information required to prepare the valuation report of the biological assets to better understand the valuation process. As confirmed by JLL, the valuation of our biological assets was conducted in accordance with the International Valuation Standards issued by the International Valuation Standards Council. JLL has further confirmed that its valuation procedures provide a reasonable basis for its opinion, and that the inputs used in the valuation techniques are appropriate and reasonable. In addition, the Joint Sponsors discussed with our management and the Reporting Accountants with respect to the techniques chosen and inputs used in the valuations. The Joint Sponsors further compared the valuation techniques chosen, bases and assumptions of the valuation with those used in other similar transactions and market practice. The Joint Sponsors and the Reporting Accountants are satisfied that the valuation techniques chosen and the inputs used in the valuation techniques are appropriate and reasonable.

Furthermore, the Joint Sponsors discussed with the Reporting Accountants with respect to their procedures performed on the valuation of the biological assets, including obtaining an understanding on the assumptions and methods used by JLL in the valuation of our biological assets and making inquiries regarding the source data used and procedures undertaken in accordance with the HKSA 500 Audit Evidence. The Reporting Accountants provided an unqualified opinion to the financial information of our Group as a whole as set out in Appendix I to this prospectus.

Sensitivity Analysis

The following table illustrates the sensitivity of the estimated fair value of milkable cows that would arise if the key inputs had changed as of 30 June 2022, assuming all other variables remained constant:

Assumed Milk Price	**4.56**	**(RMB/kg)**					
% change in milk price	**+10%**	**+2%**	**+1%**	**0%**	**-1%**	**-2%**	**-10%**
	5.02	*4.65*	*4.61*	*4.56*	*4.51*	*4.47*	*4.10*
Corresponding Valuation Result (RMB million)	2,900.6	2,496.2	2,445.7	2,395.1	2,344.6	2,294.1	1,889.7
Change in Valuation Result (RMB million)	505.4	101.1	50.5	–	(50.5)	(101.1)	(505.4)
% Change in Valuation Result	*21.1%*	*4.2%*	*2.1%*	*0%*	*-2.1%*	*-4.2%*	*-21.1%*
Assumed Feed Cost for mature animal	**(RMB/Kg)**						
% change in feed cost	**+10%**	**+2%**	**+1%**	**0%**	**-1%**	**-2%**	**-10%**
Corresponding Valuation Result (RMB million)	2,128.1	2,341.7	2,368.4	2,395.1	2,421.8	2,448.5	2,662.2
Change in Valuation Result (RMB million)	(267.0)	(53.4)	(26.7)	–	26.7	53.4	267.0
% Change in Valuation Result	*-11.1%*	*-2.2%*	*-1.1%*	*0%*	*1.1%*	*2.2%*	*11.1%*
Average daily milk (ADM)	**(Kg/Day/Head)**						
% change in ADM	**+10%**	**+2%**	**+1%**	**0%**	**-1%**	**-2%**	**-10%**
Corresponding Valuation Result (RMB million)	2,633.6	2,442.8	2,419.0	2,395.1	2,371.3	2,347.5	2,156.7
Change in Valuation Result (RMB million)	238.4	47.7	23.8	–	(23.8)	(47.7)	(238.4)
% Change in Valuation Result	*10.0%*	*2.0%*	*1.0%*	*0%*	*-1.0%*	*-2.0%*	*-10.0%*
	21,000	**(RMB/Head)**					
% change in price	**+5%**	**+2%**	**+1%**	**0%**	**-1%**	**-2%**	**-5%**
	22,050.00	*21,420.00*	*21,210.00*	*21,000.00*	*20,790.00*	*20,580.00*	*19,950.00*
Corresponding Valuation Result (RMB million)	2,431.8	2,409.8	2,402.5	2,395.1	2,387.8	2,380.5	2,358.5
Change in Valuation Result (RMB million)	36.6	14.7	7.3	–	(7.3)	(14.7)	(36.6)
% Change in Valuation Result	*1.5%*	*0.6%*	*0.3%*	*0%*	*-0.3%*	*-0.6%*	*-1.5%*

Discount rate	12%						
change in discount rate	**+1.5%**	**+1%**	**+0.5%**	**0%**	**-0.5%**	**-1%**	**-1.5%**
	13.50%	*13.00%*	*12.50%*	*12.00%*	*11.50%*	*11.00%*	*10.50%*
Corresponding Valuation Result (RMB million)	2,347.0	2,362.8	2,378.9	2,395.1	2,411.7	2,428.5	2,445.5
Change in Valuation Result (RMB million)	(48.1)	(32.3)	(16.3)	–	16.5	33.3	50.4
% Change in Valuation Result	*-2.0%*	*-1.3%*	*-0.7%*	*0%*	*0.7%*	*1.4%*	*2.1%*

Stock-take and Internal Control

Stock-take

We have established a standard protocol for stock take consisting of periodic and random stock take to ensure the physical existence of our biological assets and accuracy of relevant data and information. Each of our dairy farms is required to perform a full stock take on a quarterly basis to ensure the relevant information such as headcount and, age-grouping are accurately reflected in our dairy farm information management system and submit a stock-take report to the record keeping department at our headquarters. We perform quarterly stock-take for biological assets, quarterly stock-take for inventories and twice a year stock-take for fixed assets.

Internal Control and Management System

We have established comprehensive policies for biological asset management. Our biological asset management policies cover among other things, transferring among age groups, purchase and disposal of dairy cows and beef cattle, breeding, record keeping and stock take. To facilitate the implementation of our biological asset management policy, we employ the farm information management systems developed by third-party developers, in collaboration with the accounting system, to keep comprehensive record of our dairy cows and beef cattle herd.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Certain of our financial assets and liabilities are measured at fair value on a recurring basis at the end of each reporting period. The level 3 financial assets mainly included equity investment designated at fair value through other comprehensive income and biological assets, and the level 3 financial liabilities included share appreciation liability. For information about our financial assets and liabilities categorised within level 3 of fair value measurement, see Note 44 in Appendix I to this Prospectus.

Details of the fair value measurement of financial assets and liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of the unobservable inputs to fair value are disclosed in Note 44 to the Accountants' Report set out in Appendix I to this prospectus.

Based on the results of the procedures on the fair value of financial assets and liabilities and other audit procedures on other items of the Historical Financial Information, the Reporting Accountants has given a true and fair view to the Historical Financial Information of the Group as a whole. Such opinion is set out in Appendix I to the Prospectus.

Our financial asset (other than biological assets) at fair value which was measured at level 3 as of 31 December 2019, 2020 and 2021 and 30 June 2022 comprised an unlisted equity investment in Food Union AustAsia Holdings Pte. Ltd. The fair values of the equity investment have been established annually by our management based on a market-based valuation technique, which usually involves the following steps: (i) determining the comparable public companies, selecting the price multiple and making estimates about the discount for illiquidity and size differences; (ii) engaging an independent professional qualified valuer and providing the necessary financial and non-financial information to the valuer so as to enable the valuer to perform the valuation procedures, and discussing with the valuer on the relevant assumptions; and (iii) considering the valuation computation, methodology and result of the valuer's valuation and other information relevant to the determination of the fair values. Based on the above procedures, the Directors are of the view that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are fair and reasonable.

The Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountants' Report set forth in Appendix I to this prospectus; (ii) discussed with the Company to understand (a) the procedures performed for such valuation, (b) the key factors, valuation methodologies and key assumptions taken into account by the Company as advised by its external valuer, and (c) the internal control process undertaken by the Company for reviewing the relevant valuation; (iii) review of the professional qualification and previous experience of the external valuer engaged by the Company; and (iv) discussed with (a) the external valuer engaged by the Company and (b) the Reporting Accountants on their work performed in this regard.

Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to disagree with the views of the Directors that the Company has complied with SFC's "Guidance note on directors' duties in the context of valuations in corporate transactions" in relation to the relevant valuation of financial assets and liabilities categorised within level 3 of fair value measurement.

DIVIDENDS

The Company did not pay or declare any other dividends during the Track Record Period and up to the date of this prospectus. We do not have any dividend policy and have no present plan to pay any dividends to our Shareholders in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to the Constitution of the Company and the Singapore Companies Act. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our results of operations, cash flows, financial condition, operating and capital expenditure requirements. In addition, our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. Under the Singapore Companies Act, a Singapore company may only pay a dividend out of profits. There is no assurance that dividends of any amount will be declared by the Company to be distributed in any year. Investors should not purchase our shares with the expectation of receiving cash dividends.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. For further details, please see the section headed "*Risk Factors – Risks Relating to Conducting Business in the PRC*" in this prospectus.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including the estimated net proceeds from the Global Offering, cash flow generated from operations, bank facilities available to us and cash and cash equivalents on hand, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of 30 June 2022, the Company did not have distributable reserves.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid and payable to the reporting accountant, legal advisers and other professional advisers for their services rendered in relation to the Listing and the Global Offering. Assuming an Offer Price of HK$6.40 per Offer Share (being the mid-point of the Offer Price Range), we estimate that the total listing expenses payable by us will be US$12.4 million (HK$96.8 million), comprising (i) underwriting-related expenses of approximately US$3.3 million (HK$25.4 million), and (ii) non-underwriting-related expenses of US$9.1 million (HK$71.4 million). Our estimated total listing expenses represent 49.4% of the total gross proceeds that we will receive from this Global Offering, of which US$8.7 million (HK$68.1 million) will be charged to our consolidated statements of comprehensive income and US$3.7 million (HK$28.7 million) will be deducted from equity as such amount is directly attributable to the issue of Shares.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please see "*Appendix II – Unaudited Pro Forma Financial Information*" for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects since 30 June 2022, being the end date of the periods reported on in the Accountants' Report included in Appendix I to this prospectus, and there has been no event since 30 June 2022 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

The Company and its subsidiaries have entered into certain facility agreements with several banks for term loan facilities, which provide, among other things, that it would constitute an event of default or the Group would need to obtain prior written consent of the lending bank if Japfa and certain affiliates of Japfa (which include, among others, Mr. Renaldo Santosa and Ms. Gabriella Santosa (who are Controlling Shareholders) as the children of Mr Handojo Santosa and certain Executive Directors), taken as a group, ceases to (i) own, directly or indirectly, at least 30% of the issued share capital of the Company or (ii) have (A) de facto ability to direct the affairs of the Company and (B) de facto right to determine the composition of the Board of Directors. The aggregate outstanding principal amount of these facilities as of the Latest Practicable Date was approximately US$320.2 million. These facilities have terms of 6 months to 5 years, and as of the Latest Practicable Date, the remaining maturity of these facilities ranged from 6 months to 54 months.

Our Directors confirm that, save as disclosed above, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

SHARE CAPITAL

The following is a description of the issued and paid-up share capital of the Company as of the date of this prospectus and Shares in issue and to be issued as fully paid immediately following the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering. Pursuant to the Singapore Companies Act, companies incorporated in Singapore do not have an authorised share capital and there is no concept of par value in respect of issued shares.

	Number of Shares
Shares in issue as of the date of this prospectus	621,807,139
Shares to be issued pursuant to the Capitalisation Issue[(1)]	31,041,673
Shares to be issued pursuant to the Share Award Issuance on the Listing Date[(2)]	16,368,300
Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option is not exercised)	30,640,000
Shares to be issued pursuant to the Over-allotment Option (assuming the Over-allotment Option is exercised in full)	4,596,000
Total	704,453,112

SHARE PLANS

The Company has adopted (a) the AAG PSP pursuant to which awards of Shares have been and may be granted and (b) RSU Scheme pursuant to which awards of RSUs may be granted. For details of the AAG PSP and the RSU Scheme, see *"Appendix V – Statutory and General Information – C. Share Plans"*.

TREASURY SHARES

Shares purchased or acquired by the Company may be held as treasury Shares or cancelled as provided in the Singapore Companies Act. See *"Appendix IV – Summary of the Constitution of the Company, the Laws of Singapore and Takeover Code Matters"* for a summary of some of the provisions on treasury shares under the Singapore Companies Act. As of the Latest Practicable Date, no treasury Shares are held by the Company. Under the Listing Rules, (i) the listing of all Shares which are purchased by the Company shall be automatically cancelled upon purchase and (ii) the documents of title of purchased Shares shall be cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

ASSUMPTIONS

The above table (a) assumes that the Global Offering becomes unconditional and (b) does not take into account any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described below.

Notes:

(1) The number of Shares to be issued pursuant to the Capitalisation Issue will be calculated using the final Offer Price. In this prospectus, the number of the Shares has been calculated using the mid-point of the Offer Price Range for illustration purposes. See *"Financial Information – Indebtedness – Loans from a Shareholder"* for details.

(2) The Share Award Issuance comprises the new Shares to be issued on the Listing Date in settlement of (a) the outstanding SARs granted by the Company and (b) the single initial grant awards made under the AAG PSP, after taking into account the Share Split. The number of Shares to be issued in settlement of outstanding SARs will be calculated using the final Offer Price. In this prospectus, the number of the Shares has been calculated using the mid-point of the Offer Price Range for illustration purposes. See *"Appendix V – Statutory and General Information – C. Share Plans"* for details.

RANKING

The Shares issued pursuant to the Capitalisation Issue, the Share Award Issuance and the Offer Shares are ordinary shares in the share capital of the Company and will rank *pari passu* in all respects with all the Shares in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends and other distributions declared, made or paid by the Company on the Shares following the completion of the Global Offering.

GENERAL MANDATES GRANTED TO THE BOARD OF DIRECTORS

Subject to the Global Offering becoming unconditional, general mandates have been granted to the Board of Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see "*Appendix V – Statutory and General Information – A. Further Information About the Company*".

So far as is known to any Director or chief executive of the Company as of the Latest Practicable Date, immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, each of following persons (other than a Director or chief executive of the Company) will have an interest and/or short position (as applicable) in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the Shares, once the Shares are listed on the Stock Exchange:

Interests and Long Positions in Shares

Name of Shareholder	Capacity	Number of Shares Held or Interested[7]	Approximate Percentage Assuming the Over-Allotment Option is Not Exercised	Approximate Percentage Assuming the Over-Allotment Option is Exercised in Full
			(%)	*(%)*
Rangi Management Limited[1]	Beneficial interest	212,395,300	30.35%	30.15%
Fusion Investment Holdings Limited[1]	Interest in controlled entity	212,395,300	30.35%	30.15%
Morze International Limited[4]	Beneficial Interest	62,155,958	8.88%	8.82%
Highvern Trustees Limited[1][4]	Trustee of trusts	295,894,133	42.28%	42.00%
Mr. Renaldo Santosa[1][2][3]	Beneficiary of trusts	246,738,175	35.26%	35.03%
	Beneficial interest	356,860	0.05%	0.05%
Ms. Gabriella Santosa[1][2]	Beneficiary of trusts	246,738,175	35.26%	35.03%
Ms. Rachel Anastasia Kolonas[4]	Settlor/beneficiary of trusts	62,155,958	8.88%	8.82%
MNM Holdings Limited[5]	Interest in controlled entity	295,894,133	42.28%	42.00%

Name of Shareholder	Capacity	Number of Shares Held or Interested[7]	Approximate Percentage Assuming the Over-Allotment Option is Not Exercised	Approximate Percentage Assuming the Over-Allotment Option is Exercised in Full
			(%)	*(%)*
Mr. Martin John Hall[5]	Interest in controlled entity	295,894,133	42.28%	42.00%
Ms. Naomi Julia Rive[5]	Interest in controlled entity	295,894,133	42.28%	42.00%
Meiji (China) Investment Company	Beneficial Interest	155,451,785	22.21%	22.07%
Meiji Co., Ltd.[6]	Interest in controlled entity	155,451,785	22.21%	22.07%
Meiji Holdings Co., Ltd.	Interest in controlled entity	155,451,785	22.21%	22.07%

Notes:

(1) Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 21,342,875 Shares. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo Santosa and Ms. Gabriella Santosa are appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the trustee of the Scuderia Trust, Highvern Trustees Limited, to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with his instructions in relation to the investments of the Scuderia Trust. By virtue of the SFO, each of Mr. Renaldo Santosa, Ms. Gabriella Santosa and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited.

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

Highvern Trustees Limited is a professional trustee.

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

(3) Mr. Renaldo Santosa holds 356,860 Shares through his client account with a financial institution.

(4) The shares in Morze International Limited are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Capital Two Trust, which is a reserved power discretionary trust. The Shares held by Morze International Limited are assets of the Capital Two Trust. Highvern Trustees Limited is the trustee of Capital Two Trust. Ms. Rachel Anastasia Kolonas is the settlor of Capital Two Trust. By virtue of the SFO, Ms. Rachel Anastasia Kolonas and Highvern Trustees Limited (as trustee of the Capital Two Trust) are each deemed to be interested in the Shares held by Morze International Limited. Ms. Rachel Anastasia Kolonas is Mr. Renaldo Santosa and Ms. Gabriella Santosa's cousin.

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

Highvern Trustees Limited is a professional trustee.

(5) MNM Holdings Limited is the holding company of Highvern Trustees Limited, which has an interest in the Shares as trustee of the Scuderia Trust and the Capital Two Trust. MNM Holdings Limited is wholly owned by Martin John Hall and Naomi Julia Rive in equal shareholding proportions. By virtue of the SFO, each of MNM Holdings Limited, Martin John Hall and Naomi Julia Rive is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.

(6) Meiji (China) Investment Company is wholly owned by Meiji Co., Ltd., which is in turn wholly owned by Meiji Holdings Co., Ltd. By virtue of the SFO, Meiji Holdings Co., Ltd. and Meiji Co., Ltd. are each deemed to be interested in the Shares held by Meiji (China) Investment Company.

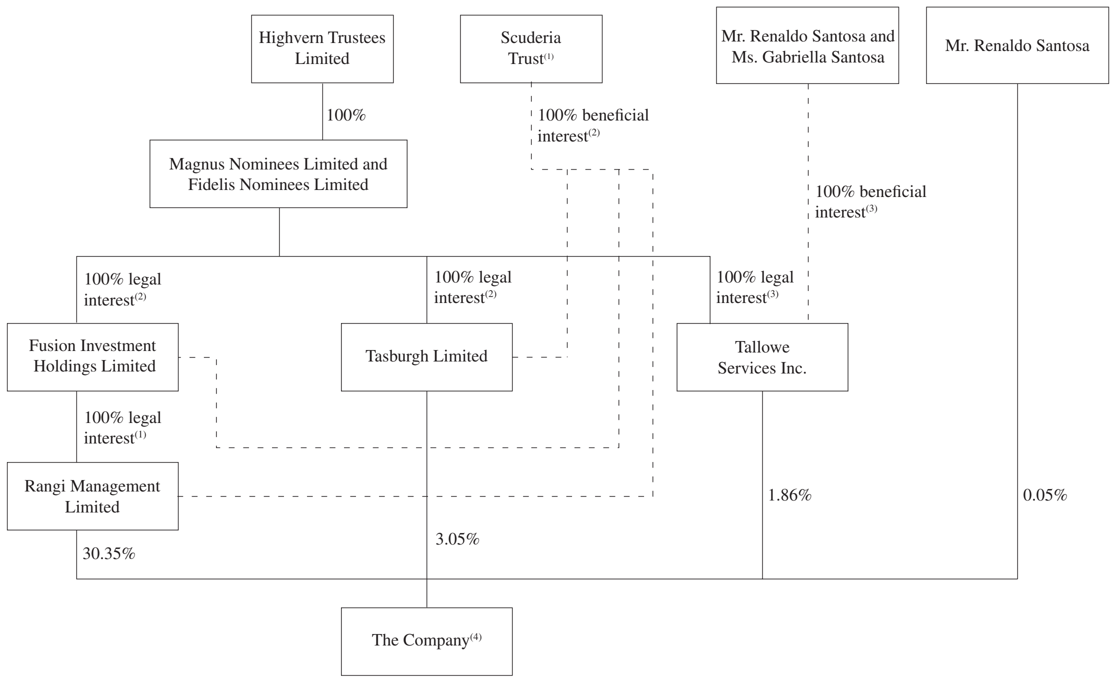
(7) The number of Shares takes into account the Shares to be distributed pursuant to the Japfa Distribution. The number of Shares to be issued pursuant to the Capitalisation Issue (which will be distributed pursuant to the Japfa Distribution) will be calculated using the final Offer Price. For the above table, the number of the Shares has been calculated using the mid-point of the Offer Price Range for illustration purposes. See "*Financial Information – Indebtedness – Loans from a Shareholder*" for details.

OVERVIEW

As of the Latest Practicable Date, the Company was owned as to 62.50% by Japfa, which was in turn ultimately controlled by the Controlling Shareholders (as defined below) who held approximately 60.57% of Japfa.

Upon the Japfa Distribution (as further described in *"The Japfa Distribution and the Listing"*) becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance (as further described in "*Appendix V – Statutory and General Information – C. Share Plans*") and the Global Offering, shareholders of Japfa will become Shareholders of the Company and the Company will cease to be a subsidiary of Japfa. The Company will be directly owned as to approximately 30.35% by Rangi Management Limited, which is in turn wholly owned by Fusion Investment Holdings Limited. The Company will also be directly owned as to approximately 3.05% by Tasburgh Limited. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo Santosa and Ms. Gabriella Santosa are the joint investment power holders of the Scuderia Trust. Accordingly, each of Mr. Renaldo Santosa, Ms. Gabriella Santosa and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. In addition, immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Company will be directly owned as to approximately 1.86% by Tallowe Services Inc. which is in turn wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo Santosa. Mr. Renaldo Santosa and Ms. Gabriella Santosa are beneficiaries of Mr Handojo Santosa's interest in Tallowe Services Inc.. Mr. Renaldo Santosa will additionally hold 0.05% of the Shares of the Company through his client account with a financial institution.

Accordingly, immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, Mr. Renaldo Santosa, Ms. Gabriella Santosa, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited, Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc. (together, the "**Controlling Shareholders**") will directly and indirectly hold approximately 35.31% of the Shares in issue (assuming the Over-allotment Option is not exercised) and approximately 35.08% of the Shares in issue (assuming the Over-allotment Option is exercised in full). Accordingly, the Controlling Shareholders will constitute a group of the controlling shareholders of the Company under the Listing Rules. The diagram below sets out the shareholding structure of the Controlling Shareholder group. See *"History and Corporate Structure"* for the simplified corporate structure of the Group.



Notes:

(1) Mr. Renaldo Santosa and Ms. Gabriella Santosa are the joint investment power holders of the Scuderia Trust.

(2) The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust.

(3) The shares of Tallowe Services Inc. are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo Santosa. Mr. Renaldo Santosa and Ms. Gabriella Santosa are beneficiaries of Mr Handojo Santosa's interest in Tallowe Services Inc..

(4) Japfa, a close associate of the Controlling Shareholders, may hold some Shares as a result of the distribution ratio and fractional entitlements of the Japfa Distribution. See "*The Japfa Distribution and the Listing – The Japfa Distribution – Information on the Japfa Distribution*" for details.

During the period from 1 January 2021 to 24 September 2022, Japfa was ultimately controlled by the group of controlling shareholders which comprised Mr. Handojo Santosa as the settlor and investment power holder of Scuderia Trust, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited, Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc. (together, save for Mr. Handojo Santosa, the "**Santosa Family Entities**"). During such period, Mr. Handojo and the Santosa Family Entities held more than 60% of Japfa Shares. He was the executive chairman of Japfa and was not a director of the Company and was not involved in the day to day management of the Group during such period.

Mr. Handojo Santosa passed away on 25 September 2022. As a result, there were the following changes in the holding structure of Japfa Shares (and therefore the indirect holding structure of interests in the Company's Shares) held by and/or held on behalf of the Controlling Shareholders:

(a) Mr. Handojo Santosa's son and daughter, Mr. Renaldo Santosa and Ms. Gabriella Santosa, were appointed as the joint investment power holders of the Scuderia Trust. There was no change to the beneficiaries of Scuderia Trust (which included Mr. Renaldo Santosa and Ms. Gabriella Santosa).

(b) There was no other change to the shareholding structure and/or assets of the Scuderia Trust. The Scuderia Trust at all times during this period remained the ultimate beneficial owner of more than 50% of Japfa Shares (and therefore of the attributable interests in more than 30% of the Company's Shares).

(c) A small portion of the Japfa Shares in which the Controlling Shareholder group is interested were held by Tallowe Services Inc. which was wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for Mr. Handojo Santosa. As a result of Mr. Handojo Santosa's passing, the shares of Tallowe are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr Handojo Santosa. Mr Renaldo Santosa and Ms Gabriella Santosa are beneficiaries of Mr Handojo Santosa's interest in Tallowe Services Inc..

As Mr. Renaldo Santosa and Ms. Gabriella Santosa have been beneficiaries of the Scuderia Trust (which is the ultimate beneficial owner of the relevant Japfa Shares before the Japfa Distribution and the ultimate beneficial owner of the Controlling Shareholders' Shares in the Company after the Japfa Distribution), the changes set out above did not in substance change the fact that the Company has, at all times since 1 January 2021, been ultimately controlled by the same group of Controlling Shareholders.

BACKGROUND OF THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders are the largest shareholder in Japfa. The Controlling Shareholders do not have any interest in animal protein operations, dairy and beef businesses other than through their interests in the Japfa Group and the Group. Immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Controlling Shareholders will continue to be interested in approximately 60.57% in the Japfa Shares (based on their shareholding as of the Latest Practicable Date) and therefore Japfa is a close associate of the Controlling Shareholders.

Japfa is a leading, pan-Asian, industrialised agri-food company and the Japfa Shares have been listed on the Mainboard of the SGX-ST since 2014. The Japfa Group specialises in manufacturing animal feed and multiple animal proteins, such as poultry, beef and aquaculture, commercial farming, beef cattle breeding, fattening and processing as well as producing and distributing protein based processed food through its subsidiary in Indonesia. As of the Latest Practicable Date, the Japfa Group engaged in commercial farming and manufacturing animal feed, poultry and swine in Vietnam, Myanmar and India, and did not operate any dairy and beef businesses in China other than through the Group.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS OF THE COMPANY

The Directors are of the view that the Group is able to carry on its business independently from the Controlling Shareholders and their close associates (including the Japfa Group) following the completion of the Japfa Distribution and the Global Offering.

(a) Clear Delineation of Business

Upon the completion of the Japfa Distribution and the Global Offering, there will be a clear delineation of the business of the Group and the business of the Controlling Shareholders (including the Japfa Group).

As noted above, the Controlling Shareholders do not have any interest in animal protein operations, dairy and beef businesses other than through their interests in the Japfa Group and the Group.

The Group is a dairy farm operator in China, providing premium raw milk to a well-diversified customer base of downstream dairy product manufacturers and is also engaged in beef cattle breeding and farming and sale of beef cattle in China. The Group also carries on an ancillary business in China which is mainly focused on business-to-business sales of milk products carrying the Group's in-house brand "澳亞牧場 AustAsia". For details of the Group's business, see *"Business"*.

Following the completion of the Japfa Distribution and the Global Offering, the Japfa Group will continue to focus on animal protein business including the production of animal feed, breeding, commercial farming and the manufacture and distribution of animal protein products in Indonesia, Vietnam, Myanmar, India and Bangladesh. The Japfa Group has no other dairy operations, save for Japfa's remaining 20% equity interest in Greenfields Dairy Singapore Pte. Ltd. (the holding company of GDS which operates two dairy farms in Indonesia and is engaged in the production, trading, wholesale and distribution of milk under the "Greenfields" brand in Singapore, Indonesia, Malaysia and Hong Kong), following a disposal of the other 80% interest in February 2021 to Freshness Holdings Ltd., which is ultimately owned by two private equity investors and an independent third party, and the production and sale in Indonesia of branded milk. The Japfa Group's animal protein business includes beef cattle breeding, beef feedlots and beef processing in Indonesia.

The Directors believe that the competition between the Group's business and the Japfa Group's business would be very limited and there is clear business delineation between the two businesses for the following reasons:

(i) the Japfa Group does not have any dairy farming operations other than (1) a minority equity interest in GDS, which the Japfa Group does not operate or control and which (a) operates outside of China, (b) does not export raw milk to China, and (c) to the knowledge of the Directors, does not have overlapping downstream customers with the Group and (2) a subsidiary which produces branded milk in Indonesia which are not exported outside of Indonesia, while the Group's dairy farming operations are in China and its dairy products are not exported outside of China;

(ii) the Japfa Group does not have any beef cattle farming operations in China;

(iii) the Japfa Group does not have any operations in China;

(iv) the Group does not have overlapping customers with the Japfa Group; and

(v) based on current business plans, the Group does not currently have any present or foreseeable plan to expand outside of dairy, beef cattle and ancillary businesses, and Japfa does not currently have any present or foreseeable plan for the Japfa Group to operate dairy or beef cattle business in China. Taking into account the existing geographical delineation of the Group's and the Japfa Group's operations whereby the Group does not have operations outside of China and the Japfa Group does not have operations in China, and the significant barriers to enter the dairy farming industry and the beef cattle farming industry (as further described in "*Industry Overview – Entry Barriers of Dairy Farming Industry and Beef Cattle Farming Industry*") which would require significant capital and time for the Group and the Japfa Group to expand their respective operations outside of their existing geographical regions of operations, the Directors are of the view that such entry barriers would manage, and therefore there is no significant risk of, any potential future competition between the Group and the Japfa Group.

(b) Operational and Administrative Independence

The Group has independent access to customers, suppliers and materials and has sufficient capital, facilities and employees to operate its business. The Group also holds all relevant licences and permits required for carrying on its business. Following the completion of the Japfa Distribution and the Global Offering, certain technical services which are not core operational or administrative services will continue to be provided by the Japfa Group, as described in "*Connected Transactions – C. Non-Exempt Continuing Connected Transactions – 1. Technical Services Agreement*". However, all essential administrative functions (such as finance and accounting, administration and operations, human resources and compliance functions) will be carried out by the Group without requiring the support of the Controlling Shareholders.

(c) Financial Independence

Japfa has provided unsecured shareholders' loans and a corporate guarantee in favour of the Group. As of the Latest Practicable Date, shareholders' loans in the aggregate amount of approximately US$25.5 million and a corporate guarantee in the amount of approximately US$10.3 million were outstanding. Prior to the Listing Date, the Company will capitalise all of the outstanding loans from Japfa in the aggregate amount of approximately US$25.54 million by way of the issue of new Shares to Japfa. See "*Financial Information – Indebtedness – Loans from a Shareholder*" for details. The corporate guarantee will be released on or before Listing Date.

The Group has sufficient funds to support its business operations, including cash flows generated from its operations, bank borrowings and, upon completion of the Japfa Distribution and the Global Offering, the net proceeds from the issue of the Offer Shares pursuant to the Global Offering. Save for the shareholders' loans and the corporate guarantee referred to above which will be repaid or released on or prior to the Listing Date, the Controlling Shareholders and their close associates do not provide the Group with any direct or indirect financing for its operations, or any credit support (whether by way of guarantees or otherwise) in respect of any financing obtained by the Group from third party sources.

Accordingly, the Directors are of the view that the Group is able to operate financially independently from the Controlling Shareholders.

(d) Independence of Directors and Management

The Board consists of eight Directors, comprising four Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. See *"Directors and Senior Management"* for further details.

The Executive Directors and the members of the senior management of the Group are responsible for the day-to-day operations of the Group's business. Other than Mr. TAN Yong Nang (who is the chief executive officer and a director of Japfa, and a commissioner or inspector or certain Japfa Group entities) and Mr. Edgar Dowse COLLINS (who is Japfa's nominee to the boards of GDS and other related entities and holds directorships or shareholding in certain companies owned or controlled by the Controlling Shareholders and their close associates), none of the other Directors or members of the senior management of the Group holds any directorships and/or other roles with any companies owned or controlled by the Controlling Shareholders and their close associates.

The Directors are of the view that the Board and the senior management of the Group are able to function independently of the Controlling Shareholders for the following reasons:

(a) the Board consists of three Independent Non-Executive Directors who satisfy the independence requirements under the Listing Rules. None of the Independent Non- Executive Directors are related to the Controlling Shareholders or have any roles in or relationships with the Controlling Shareholders;

(b) the Constitution of the Company (which will be effective on the Listing Date) requires each Director to observe the provisions of Section 156 of the Singapore Companies Act in relation to the disclosure of his/her interest in transactions or proposed transactions with the Company or of any office or property held by him/her which might create duties or interests in conflict with his/her duties or interests as a Director. The Constitution further provides that a Director shall not vote in respect of any transaction, contract or arrangement or any other proposal whatsoever in which he/she or any of his/her close associates has any personal material interest, directly or indirectly, except in certain prescribed circumstances, details of which are set out in *"Appendix IV – Summary of the Constitution of the Company, the Laws of Singapore and Takeover Code Matters"*. The provisions of the Constitution ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice with a view to ensuring that decisions are taken having regard to the best interests of the Company and the Shareholders (including the independent Shareholders) taken as a whole; and

(c) following the Listing, the Board will be required to comply with the Listing Rules, including the provisions relating to corporate governance which require, among other things, that a Director shall not vote on any Board resolution any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest, nor shall he/she be counted in the quorum for the meeting.

ONGOING CONTINUING CONNECTED TRANSACTIONS WITH ASSOCIATES OF THE CONTROLLING SHAREHOLDERS

Following the Listing, certain transactions between the Group and associates of the Controlling Shareholders and substantial shareholders will become connected transactions of the Company under the Listing Rules. The details of such connected transactions are set out in *"Connected Transactions"*. All of these connected transactions have been, and will continue to be, conducted on arm's length commercial terms or better for the Group.

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed above, none of the Controlling Shareholders and Directors is interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business as of the date of this prospectus.

A. OVERVIEW

Prior to the Listing, the Group has entered into certain transactions with parties who will, upon the Listing, become connected persons of the Company. Details of the continuing connected transactions of the Company following the Listing are set out below.

B. FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Annona, a wholly-owned subsidiary of Japfa, has been sub-leasing, and will continue to sub-lease, office premises in Singapore to the Company. Pursuant to a sub-lease agreement entered into between the Company and Annona dated 14 December 2022, Annona has agreed to cost-share office premises in Singapore based on the proportion of usage. The sub-lease agreement was entered into in the ordinary and usual course of business, on normal commercial terms and at a rent based on market rates. The sub-lease agreement is for a term of one year from the Listing Date, unless either party terminates such agreement by giving two months' written notice. It is expected that the maximum annual payments (including rental, maintenance and miscellaneous expense) payable by the Company to Annona will not exceed US$100,000 for FY2022.

As Japfa is a 30%-controlled company (as defined in the Listing Rules) of the Controlling Shareholders, Japfa and Annona are connected persons of the Company by virtue of being associates of a substantial shareholder of the Company and the sub-lease agreement will, upon the Listing, constitute a continuing connected transaction of the Company.

As the sub-lease agreement is a short-term lease of 12 months or less, the rental payments under the sub-lease will be recorded as expenses over the term of the lease on the Company's profit or loss accounts. As the highest applicable percentage ratio in respect of the payments (including rental, maintenance and miscellaneous expenses) under the sub-lease agreement will, on an annual basis, be less than 0.1% and the sub-lease agreement is on normal commercial terms, upon the Listing, the sub-lease will, pursuant to Rule 14A.76(1)(a) of the Listing Rules, constitute de minimis continuing connected transactions exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

C. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions are made in the ordinary and usual course of business and on normal commercial terms which will be regarded as non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Technical Services Agreement

(a) Description of the Transaction

Annona Technical Services Pte. Ltd. ("**ATS**"), a wholly-owned subsidiary of Japfa, provides financial solutions (including assisting with certain technical aspects of the financial statements and upgrading the financial management tools to review the Group's business against key performance indicators), debt financing and debt risk solutions (including providing training to the Group's staff on financial, capital expenditure and budget planning, developing balanced capital structure and assisting with managing relationships with debt partners), legal solutions, human resource solutions, strategic solutions and digitalisation solutions on a cost-sharing basis (the "**Technical Services**") within the Japfa Group. The technical service fee is equal to the cost of providing the services plus 5% mark-up in compliance with OECD principles for the provision of services between related parties. Pursuant to an existing technical services agreement dated 1 April 2020, ATS has been providing, and will continue to provide the Technical Services, to the Group. This would allow the Group access to expertise without having to bear the full cost of hiring such experts.

Pursuant to an amended and restated technical services agreement entered into by the Company and ATS dated 14 December 2022, ATS has agreed to provide the Technical Services to the Group on normal commercial terms and at an arm's length service fee equal to cost plus a 5% mark-up, subject to a yearly cap on the amount payable by the Group to ATS. Such agreement is for an initial term commencing on the Listing Date and expiring on 31 December 2024 and thereafter will be automatically renewed for successive terms of three years subject to compliance with the relevant requirements of the Listing Rules, unless either party issues a written notice of non-renewal or either party terminates such agreement by giving six months' written notice.

(b) Historical Transaction Amounts

The aggregate service fees by the Group to ATS for the provision of the Technical Services to the continuing operations of the Group in FY2019, FY2020, FY2021 and the six months ended 30 June 2022 were nil, approximately US$0.32 million, US$0.39 million and US$0.28 million, respectively.

(c) Caps on Future Transaction Amount

It is expected that the maximum annual service fees payable by the Group to ATS for the provision of the Technical Services for FY2022, FY2023 and FY2024 will not exceed US$0.65 million, US$0.75 million and US$0.8 million, respectively.

These annual caps were determined by reference to (i) the historical transaction amounts; and (ii) the anticipated increase in estimated costs of providing the Technical Services to the Group for FY2022, FY2023 and FY2024, having taken into account (A) the expected additional costs of US$0.10 million, US$0.15 million and US$0.16 million for FY2022, FY2023 and FY2024, respectively, from the strategic solutions provider to assist in driving efficiencies across processing, sales and distribution and branding and a digitalisation solutions provider for the delivery and process of data and technology capabilities to create sustainable competitive advantage through digitisation; (B) the expected increase in demand by the Group for the Technical Services due to the increase in the number of the Group's farms from eight in mid-2021 to twelve by the end of 2023 with the acquisition of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10) in June 2021 which are expected to reach the full milking capacity by March 2023 (50,000 tons/year each) and two new dairy farms in Shandong, i.e. Pure Source Farm 3 (Farm 11), which commenced development in 2022, and Pure Source Farm 4 (Farm 12) which is expected to commence development in 2023, which are expected to commence commercial production in 2023 and reach the full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year), respectively, the proposed development of two new dairy farms in Inner Mongolia from 2023 to 2025 pursuant to a framework agreement which was entered into in May 2022 with a third-party downstream milk producer and the local government in Inner Mongolia and the corresponding expansion in the Group's operations; and (C) the expected additional costs from business travel (which were negligible during 2020) resuming in 2022 following the relaxation of COVID-19 related travel restrictions. For details of our expansion plans, See *"Business – Raw Milk Business – Our Dairy Farms "* and *"Future Plans and Use of Proceeds"*.

(d) Listing Rules Implications

As Japfa is a 30%-controlled company (as defined in the Listing Rules) of the Controlling Shareholders, Japfa and ATS are connected persons of the Company by virtue of being associates of a substantial shareholder of the Company and the services agreement will, upon the Listing, constitute a continuing connected transaction of the Company.

As the highest applicable percentage ratio in respect of each of the caps will, on an annual basis, be more than 0.1% but less than 5% and the transactions are on normal commercial terms, such transactions will, upon the Listing, be subject to announcement, reporting and annual review requirements, but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Supply Agreement

(a) Description of the Transaction

Annona, a wholly-owned subsidiary of Japfa, has been supplying, and will continue to supply, feed (such as alfalfa, hay and oats) and other agricultural commodities, premixes and vitamins (the "**Goods**") to the Group. Annona is a global trader which enjoys concessionary tax rates under the Global Trader Programme which is administered by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore.

Pursuant to a supply agreement entered into between the Company and Annona dated 14 December 2022, Annona has agreed to supply the Goods on normal commercial terms and on CIF (cost, insurance, freight) at the prevailing market price of similar Goods, subject to an overall trading margin which is capped at 5% of Annona's earnings before interest and tax for each financial year. There is no obligation on the Company to purchase or Annona to supply any Goods. In the event the Company decides to purchase Goods from Annona and Annona agrees to supply such Goods, the Company will issue a purchase order setting out the type, quantity and purchase price of the Goods purchased. The supply agreement is for a term commencing from the Listing Date and expiring on 31 December 2024 and thereafter will be automatically renewed for successive terms of three years subject to compliance with the relevant requirements of the Listing Rules, unless either party terminates such agreement by giving one month's written notice.

(b) Historical Transaction Amounts

The aggregate purchase amounts paid to Annona for the supply of the Goods to the continuing operations of the Group for FY2019, FY2020, FY2021 and the six months ended 30 June 2022 were approximately US$15.0 million, US$18.4 million, US$19.8 million and US$11.9 million, respectively.

(c) Caps on Future Transaction Amounts

It is expected that the maximum annual purchase amounts payable by the Group to Annona for the supply of the Goods for FY2022, FY2023 and FY2024 will not exceed US$32 million, US$39 million and US$42 million, respectively.

These annual caps were determined by reference to (i) the historical and prevailing market price for the Goods as well as the potential fluctuations in the market price for the Goods, having taken into account in particular the significant increase in feed cost of approximately 18% during the Track Record Period; (ii) the historical transaction quantity of different types of Goods purchased during the Track Record Period; (iii) the anticipated significant growth in the production of raw milk of the Group from FY2022 to FY2024 and the consequent anticipated demand for the Goods, having taken into account (A) the increase in the Group's revenue from the business segment of raw milk from US$315.6 million for FY2019 to US$438.0 million for FY2021, representing an increase of approximately 38.8%; (B) the increase in dairy herd size (from continuing operations) by 29.5% during the Track Record Period; (C) the expected increase in utilisation of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10), which were acquired from Pure Source Dairy in June 2021 and are still at the ramp up stage and which are expected to reach the full milking capacity by March 2023 and each produce raw milk of 50,000 tons/year at that time; (D) the expected increase in utilisation of Farm 8 which was at the ramp up stage in 2020 and is expected to reach the full milking capacity by December 2022 and produce raw milk of 70,000 tons/year at that time; (E) the expected increase in the production of raw milk resulting from the two new dairy farms in Shandong to be developed on vacant land acquired from Pure Source Dairy in 2021 i.e. Pure Source Farm 3 (Farm 11), which commenced development in 2022, and Pure Source Farm 4 (Farm 12), which is expected to commence development in 2023, which are expected to commence commercial production in 2023 and reach the full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year), respectively, and the proposed development of two new dairy farms in Inner Mongolia from 2023 to 2025; (iv) the anticipated increase in demand for the Goods for the Group's beef cattle business (which did not procure the Goods in FY2020 and FY2021), having taken into account the (a) increase in beef cattle herd size by 64.8% during the Track Record Period; (b) the expected increase in utilisation of the Group's beef cattle feedlot in Inner Mongolia which commenced operation in early 2021 and is expected to reach utilisation rate of up to 75% by the end of 2022; and (c) our plan to further increase the beef cattle population of our existing beef cattle feedlots to full capacity and construct new beef cattle feedlots in Shandong when opportunities arise; and (v) expected inflation pressure from 2022 to 2024 in view of rapid increases in commodities and energy prices in recent months, geopolitical conflicts and continued COVID-19 prevention policies in China. For details of our expansion plans, see *"Business – Raw Milk Business – Our Dairy Farms"*, *"Business – Beef Cattle Business"* and *"Future Plans and Use of Proceeds"*.

(d) Listing Rules Implications

As Japfa is a 30%-controlled company (as defined in the Listing Rules) of the Controlling Shareholders, Japfa and Annona are connected persons of the Company by virtue of being associates of a substantial shareholder of the Company and the supply agreement will, upon the Listing, constitute a continuing connected transaction of the Company.

As the highest applicable percentage ratio in respect of each of the caps will, on an annual basis, be more than 5% and the transactions are on normal commercial terms, such transactions will, upon the Listing, be subject to announcement, reporting, annual review, circular and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

3. Raw Milk Purchase and Sale Agreement

(a) Description of the Transaction

Meiji Co., Ltd. ("**Meiji Co.**") is a major dairy industry company established in 1917 in Japan with global operations. Meiji (China) Investment Company ("**Meiji China**") is a wholly-owned subsidiary of Meiji Co., which is engaged in the businesses of milk and yogurt, ice cream and confectionery in the PRC. In order to secure a stable and high quality raw milk supply, on 15 April 2020, Meiji Co. and Japfa entered into a sale and purchase agreement pursuant to which Meiji Co. acquired a 25% shareholding interest in the Company. For details of the acquisition, see *"History and Corporate Structure – Pre-IPO Investment"*. At the time of such acquisition, Meiji Dairy (Suzhou) Co., Ltd. ("**Meiji Suzhou**"), a wholly-owned subsidiary of Meiji China, and the Group's subsidiaries, namely Tai'an AustAsia, Dongying Xianhe AustAsia as well as Dongying Shenzhou AustAsia and its Xinhu branch company (the "**Supply Subsidiaries**"), had entered into a raw milk purchase and sale agreement on 30 December 2019 for the long-term supply of raw milk, which was last amended in January 2021 and supplemented in December 2021 (the "**Raw Milk Agreement**"). The Raw Milk Agreement (as amended in January 2021) was for a term of five years from January 2021.

Under the terms of the Raw Milk Agreement, the unit purchase price of the raw milk will be determined on arms length basis based on prevailing farmgate price (i.e. the price of the product available at the farm, excluding any separately billed transport or delivery charge, which is the result of negotiation between the Group and its downstream customers, taking into account of, among others, the prevailing market price) at the time of negotiations, which shall not be lower than the price offered to, and comparable to the terms of raw milk supplied to, other customers of the Group with comparable purchase requirements. The unit purchase price for the year is generally agreed between the parties prior to or at the beginning of the year. The monthly milk supply quantity for each year after 2021 will be set out in a supply contract to be agreed by the parties prior to 1 December of the previous year.

On 14 December 2022, the parties entered into an amended and restated Raw Milk Agreement which amended the term of the Raw Milk Agreement to a term commencing from the Listing Date and expiring on 31 December 2027 (the "**Term**"), subject to the annual caps as set out below. As confirmed by Frost & Sullivan, the terms of the Raw Milk Agreement are in line with industry practice.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for continuing connected transactions must not exceed three years, except in special circumstances where the nature of the transaction requires a longer period. The nature of the Raw Milk Agreement requires a term longer than three years for the following reasons:

(i) the Term for the Raw Milk Agreement reflects the long-term commercial and strategic cooperation and relationship between the Company and Meiji Suzhou to ensure a stable and high quality raw milk supply arrangement between the parties and also represents the endorsement by Meiji Suzhou (which is a premium downstream player in the China dairy market) of the high quality of the Group's raw milk;

(ii) the Term for the Raw Milk Agreement would allow both the Company and Meiji Suzhou to plan their respective growth with an assurance of continued raw milk demand for the Group and continued raw milk supply for Meiji Suzhou, and thereby avoid any unnecessary business interruption for either party;

(iii) taking into consideration the length of the terms of the Group's raw milk supply agreements with other customers and similar milk supply agreements entered into by certain peer companies with their downstream customers, and as confirmed by Frost & Sullivan, it is normal business practice for raw milk supply agreements to be for a duration of longer than three years. As stated in *"Business – Our Customers"*, the Group's typical raw milk sale contracts have a term of five years and the Group has entered into such contracts with customers who are not connected persons of the Company. Any deviation from such long-term arrangements would be contrary to the business intentions of the Company and Meiji Suzhou; and

(iv) the Supply Subsidiaries can terminate the Raw Milk Agreement if Meiji Suzhou is in breach of the terms of such agreement and fails to cure such breach within a prescribed period of time.

The Joint Sponsors are of the view that, based on the due diligence they have conducted and taking into consideration (i) the reasons for entering into the Raw Milk Agreement, which was to establish a long-term commercial and strategic cooperation with Meiji Suzhou and to further expand the business operations of the Group, (ii) the nature of the long-term commercial and strategic cooperation between the parties, (iii) taking into consideration the length of the terms of the Group's raw milk supply agreements with other customers and similar milk supply agreements entered into by certain peer companies with their downstream customers, and as confirmed by Frost & Sullivan, it is normal business practice for raw milk supply agreements to be for a duration of longer than three years and the Group has entered into raw milk sale contracts with a term of five years with customers who are not connected persons of the Company, and (iv) the termination rights under the Raw Milk Agreement, the nature of Raw Milk Agreement requires a longer period and it is reasonable for the Raw Milk Agreement to be for a duration of more than three years.

(b) Historical Transaction Amounts

In FY2019, FY2020, FY2021 and the six months ended 30 June 2022, the aggregate purchase price paid by Meiji Suzhou for raw milk purchased from the Group were approximately US$7.2 million, US$12.0 million, US$18.6 million and US$10.3 million, respectively for the continuing operations.

(c) Caps on Future Transaction Amounts

The maximum purchase amount payable by Meiji Suzhou (and other subsidiaries of Meiji Co.) for raw milk to be supplied by the Group to Meiji Suzhou (and other subsidiaries of Meiji Co.) for FY2022 is expected to be approximately US$28 million. It is expected that the maximum purchase amounts payable by Meiji Suzhou (and other subsidiaries of Meiji Co.) for raw milk to be supplied by the Group to Meiji Suzhou (and other subsidiaries of Meiji Co.) for FY2023, FY2024, FY2025, FY2026 and FY2027 will not exceed US$41 million, US$47 million, US$56 million, US$68 million and US$77 million, respectively.

These annual caps were determined by reference to:

(i) the historical transaction amounts;

(ii) the trend of increase in Meiji Suzhou's demand over the Track Record Period as evidenced by increases in the historical transaction amounts during the Track Record Period of approximately 44% per year on average, assuming that the transaction amount for FY2022 is approximately US$20.6 million;

(iii) the estimated demand by Meiji Suzhou (and other subsidiaries of Meiji Co.) for raw milk from FY2023 to FY2027 and having taken into account the anticipated growth in such demand resulting from the strategic business and production expansion plans in China which include certain new factories and plant for the production of milk, yogurt, ice cream and confectionary products which are expected to commence commercial operations in 2023 which Meiji Co. has announced publicly and as estimated by Meiji Co.;

(iv) the Group's raw milk average selling price over the Track Record Period (as further described in *"Business – Raw Milk Business – Our Raw Milk"*) and assuming an approximate 5% increase in raw milk average selling price per year, having taken into account the upward momentum of raw milk price in China (as further described in *"Industry Overview – The Raw Milk Supply Industry in China – Raw Milk Price"*) and the estimated trends in average selling price of raw milk for FY2023 to FY2027;

(v) the anticipated significant growth in the production of raw milk of the Group from FY2023 to FY2027 to meet the anticipated growth in demand of Meiji Suzhou and other customers, having taken into account (A) the increase in the Group's revenue from the business segment of raw milk from US$315.6 million for FY2019 to US$438.0 million for FY2021, representing an increase of approximately 38.8%; (B) the acquisition of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10) in Shandong from Pure Source Dairy in June 2021 which are still at the ramp up stage and are expected to reach full milking capacity of 50,000 tons/year by March 2023; (C) the expected increase in utilisation of Farm 8 which was at the ramp up stage in 2020 and is expected to reach full milking capacity of 70,000 tons/year by December 2022; (D) two new dairy farms in Shandong, i.e. Pure Source Farm 3 (Farm 11), which commenced development in 2022, and Pure Source Farm 4 (Farm 12), which is expected to commence development in 2023, which are expected to commence commercial production in 2023 and reach full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year), respectively; and (E) the proposed development of two new dairy farms in Inner Mongolia from 2023 to 2025. For details of our expansion plans, see *"Business – Raw Milk Business – Our Dairy Farms"* and *"Future Plans and Use of Proceeds"*; and

(vi) the possible sustained growth of the PRC dairy industry.

(d) Listing Rules Implications

As Meiji China is a substantial shareholder of the Company, Meiji China and its associates (including Meiji Suzhou) are connected persons of the Company and the Raw Milk Agreement will, upon the Listing, constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of each of the caps will, on an annual basis, be more than 5% and the transactions are on normal commercial terms, such transactions will, upon the Listing, be subject to announcement, reporting, annual review, circular and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

D. WAIVER APPLICATIONS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the non-exempt continuing connected transactions described in this section will be carried out on a continuing basis and will extend over a period of time, the Directors consider that strict compliance with the announcement and/or circular and independent shareholders' approval requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon the Company. Accordingly, the Company has applied for, and the Stock Exchange has granted:

(a) a waiver under Rule 14A.105 of the Listing Rules to exempt the transactions set out in "*– C. Non-Exempt Continuing Connected Transactions – 1. Technical Services Agreement*" from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules for the term ending on 31 December 2024; and

(b) waivers under Rule 14A.105 of the Listing Rules to exempt the transactions set out in "*– C. Non-Exempt Continuing Connected Transactions – 2. Supply Agreement*" and "*– C. Non-Exempt Continuing Connected Transactions – 3. Raw Milk Purchase and Sale Agreement*" from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules for the terms ending on 31 December 2024 and 31 December 2027, respectively.

The Company will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of these non-exempt continuing connected transactions. In addition, the Company confirms that it will comply with the applicable requirements under the Listing Rules and will immediately inform the Stock Exchange if any of the proposed annual caps set out in this section have been exceeded, or when there is any material change in the terms of the non-exempt continuing connected transactions described in this section.

E. CONFIRMATION FROM THE DIRECTORS AND THE JOINT SPONSORS

The Directors (including the independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, that are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions described in this section are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by the Company relating to the non-exempt continuing connected transactions described in this section, and have obtained confirmations from the Company. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions described in this section are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BOARD OF DIRECTORS

The Board of Directors consists of eight Directors, comprising four Executive Directors, one Non-executive Directors and three Independent Non-executive Directors. Brief information of the Directors is set out below:

Name	Age	Position	Date of Appointment	Date of Joining the Group	Roles and Responsibilities
TAN Yong Nang (陳榮南)	61	Executive Chairman and Executive Director	28 July 2010	28 July 2010	Responsible for strategic planning of the Group and the management of the Board
Edgar Dowse COLLINS	55	Executive Director and chief executive officer	17 April 2009	17 April 2009	Responsible for the Group's overall operation and management
YANG Ku (楊庫)	53	Executive Director and chief operating officer	5 August 2020	6 October 2009	Responsible for the management and operations of dairy farms in the PRC
GAO Lina (高麗娜)	65	Executive Director	22 December 2021	22 December 2021	Responsible for the management of the Group's external affairs and relationships
HIRATA Toshiyuki (平田俊行)	60	Non-executive Director	3 July 2020	3 July 2020	Responsible for providing strategic advice and guidance on corporate development, and making recommendations on major operational and management decisions
SUN Patrick (辛定華)	63	Independent Non-executive Director	5 December 2022	5 December 2022	Responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board

Name	Age	Position	Date of Appointment	Date of Joining the Group	Roles and Responsibilities
LI Shengli (李勝利)	57	Independent Non-executive Director	5 December 2022	5 December 2022	Responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board
CHANG Pan, Peter (張泮)	59	Independent Non-executive Director	24 March 2022	13 October 2010	Responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board

Executive Directors

TAN Yong Nang (陳榮南), aged 61, was appointed as an Executive Director of the Company on 28 July 2010. He was further appointed as the Executive Chairman of the Company on 1 April 2020. Mr. Tan is primarily responsible for the overall management of the Group's business and operations. He oversees the formulation of the Group corporate planning, strategic direction, business and corporate policies.

Mr. Tan has been serving the Japfa Group for around 15 years. He has been its executive director since June 2009 and chief executive officer since January 2014, where he is in charge of leading the development and execution of the long-term strategy, and responsible for all day-to-day management decisions. Mr. Tan joined the Japfa Group in May 2007 as an assistant to the chief executive officer and chief operating officer of corporate services division before taking on the position of chief operating officer of the Japfa Group in 2011. Mr. Tan is also currently a director of PT Japfa Comfeed Indonesia, Tbk, a subsidiary of Japfa and listed on the Indonesia Stock Exchange (stock code: JPFA).

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

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

Edgar Dowse COLLINS, aged 55, was appointed as an Executive Director of the Company on 17 April 2009. He has been the chief executive officer of the Company since April 2009. He is primarily responsible for the Group's overall operation and management. He is also a director of various subsidiaries of the Company.

Mr. Collins has accumulated over 30 years of industry experience having been involved in dairy farming and beef and cattle operations throughout his career. He has been with the dairy division of Japfa Group, since June 1999 and responsible for the day-to-day operations of the dairy business and in charge of formulating, developing and implementing both strategic and long-term business plans for the dairy operations. From 1991 to 1999, Mr. Collins was the head of operations of PT Santosa Agrindo, one of Japfa's subsidiaries, where he was involved in the development of a cattle and beef business in Indonesia.

Mr. Collins obtained his high school diploma from The King's School, Sydney in December 1985.

YANG Ku (楊庫), aged 53, was appointed as an Executive Director of the Company on 5 August 2020. Mr. Yang has also been the chief operating officer of the Group since October 2015. Mr. Yang is primarily responsible for the management and operations of dairy farms in the PRC. Mr. Yang has more than 30 years of experience in dairy industry. Mr. Yang joined the Group in October 2009 as a general manager where he was responsible for the day-to-day management of farms in the PRC. He is also a director of various subsidiaries of the Company.

Prior to joining the Group, from August 1991 to August 2004, Mr. Yang worked at Teaching Experiment Farm of Ningxia University as a technician, where he was responsible for technical and production management of the chicken, pig and cattle farms. From August 2004 to September 2009, Mr. Yang worked at Mengniu AustAsia Model Dairy Farm Co., Ltd. (內蒙古蒙牛澳亞示範牧場有限責任公司) (now known as Modern Dairy (Helingeer) Co., Ltd. (現代牧業(和林格爾)有限公司)) ("**Helingeer Dairy**"), a then subsidiary of the Group which was acquired by Modern Farming (Group) Co., Ltd. (現代牧業(集團)有限公司) ("**Modern Farm**"), a non-wholly owned subsidiary of China Modern Dairy (as defined below) in December 2008 and successively held positions as feeding supervisor (responsible for the management of its feeding division), dairy farm manager (responsible for the management of the dairy farm) and general manager (responsible for the overall management of the company).

Mr. Yang obtained a bachelor's degree in animal husbandry from School of Agriculture, Ningxia University (寧夏大學農學院) (formerly known as Ningxia Agricultural College (寧夏農學院)) in the PRC in July 1991 and a master's degree in animal nutrition and feed science from Chinese Academy of Agricultural Sciences (中國農業科學院) in the PRC in July 2007. Mr. Yang was awarded the certificate of Senior Animal Technician by the Personnel Department of Ningxia Hui Autonomous Region (寧夏回族自治區人事廳) in August 2005.

GAO Lina (高麗娜), aged 65, was appointed as an Executive Director of the Company on 22 December 2021. She is primarily responsible for the management of the Group's external affairs and relationships.

Ms. Gao has over 16 years of extensive experience in dairy industry. Ms. Gao co-founded the Modern Dairy Group (as defined below) and had been the executive director and the chief executive officer of China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司) ("**China Modern Dairy**", together with its subsidiaries, "**Modern Dairy Group**"), a company listed on the Stock Exchange (stock code: 1117) in December 2008, for nearly 13 years. Ms. Gao retired from these positions with effect from 1 July 2021. Prior to this, Ms. Gao had accumulated significant experience in cross-border trading, resource integration and administrative management. Ms. Gao was the general manager of Taian Foreign General Trade Corporation (泰安市外貿總公司) between October 1993 to June 2005. Ms. Gao was the director general of Tai'an Municipal Trade Promotion Bureau (泰安市招商局) between October 2003 and June 2005.

Over the years, Ms. Gao has received various awards and accolades acknowledging her accomplishments. For example, she was awarded Tai'an City Excellent Entrepreneur in Reforming and Enterprising Endeavours (泰安市改革經營努力優秀企業家) in 2004. Ms. Gao was awarded the Scientific and Technological Progress Award (Class 1 of Promotion Category) (科學技術進步獎推廣類一等獎) by the Ministry of Education of the PRC in January 2013, and Ms. Gao was granted the honour of Top 10 Business Leaders in China Economy (中國經濟十大商業領袖) at the 2014 China Economic Summit Forum & The 12th Annual Meeting of China Economic Characters. Ms. Gao was awarded Best CEO in Institutional Investors – Survey Report on All Asian Management Team 2016 (「機構投資者–2016年全亞洲管理團隊調查報告」中最佳CEO) and 2017 China Financial Market Awards • Best Corporate Leader of the Year (2017年中國融資大獎 • 年度最佳企業領袖獎). Ms. Gao was awarded the Meritorious Person of the Chinese Dairy Industry (中國奶業功勳人物) by the Dairy Association of China (中國奶業協會) in 2018, the Top Ten Influential Women in China's Economy (中國經濟十大影響力女性) at Boao Enterprise Forum in 2019, 2020 Best Manager & Operator of the Year (年度最佳經理人&操盤手) at the NetEase New Energy Dairy Industry Summit Forum and the Outstanding Contribution Award for the High Quality Development of the Dairy Industry (奶業優質發展突出貢獻獎) by National Dairy Science and Technology Innovation Alliance (國家奶業科技創新聯盟).

Ms. Gao completed an undergraduate course at Tai'an Municipal CPC Party School (中共泰安市委黨校) majoring in economic management in December 1999.

Non-executive Directors

HIRATA Toshiyuki (平田俊行), aged 60, was appointed as a Non-executive Director of the Company on 3 July 2020. He is primarily responsible for providing strategic advice and guidance on corporate development, and making recommendations on major operational and management decisions.

Mr. Hirata has around 37 years of experience in confectionery business. He joined Meiji Co., Ltd. ("**Meiji Co.**") one of our substantial shareholders, in April 1984. He worked at Tokyo sales branch of Meiji Co. until June 1987. He then worked at food international division of Meiji Co. from July 1987 to May 1998. Mr. Hirata subsequently served various positions in Meiji Co., including manager of the administrative affairs under food international division, finance director of Meiji Seika (Singapore) Pte. Ltd. ("**Meiji Seika Singapore**"), a subsidiary of Meiji Co., manager of Tokai factory planning & administrative department, as well as the associate general manager of confectionary department and general manager of administrative department under the international business unit. Mr. Hirata served as the managing director of Guangzhou Meiji Confectionery Co., Ltd, a subsidiary of Meiji Co., from April 2015 to December 2018, where he was responsible for the company's day-to-day operations. Mr. Hirata is currently the managing director of Meiji Seika Singapore, where he is primarily responsible for overseeing, managing and advising on the company's business development.

Mr. Hirata obtained a bachelor of arts degree in business and commerce from Keio University in Tokyo, Japan in March 1984.

Independent Non-executive Directors

SUN Patrick (辛定華), aged 63, was appointed as an Independent Non-executive Director of the Company on 5 December 2022. He is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board.

In addition to his position at the Company, Mr. Sun has been an independent non-executive director of Sihuan Pharmaceutical Holdings Group Ltd., a pharmaceutical company and listed on the Stock Exchange (stock code: 0460), since October 2010, an independent non-executive director of Kunlun Energy Company Limited, which is engaged in domestic and international oil-gas exploration and development and listed on the Stock Exchange (stock code: 0135), since February 2016 and an independent non-executive director of Ferretti S.p.A., which is engaged in the design, construction and sale of luxury yachts and listed on the Stock Exchange (stock code: 9638), since December 2021. Additionally, Mr. Sun was an independent non-executive director of Trinity Limited, which is engaged in retailing and wholesales of menswear and listed on the Stock Exchange (in liquidation) (stock code: 891), from October 2008 to November 2020, an independent non-executive director of China NT Pharma Group Company Limited, a pharmaceutical company and listed on the Stock Exchange (stock code: 1011), from March 2010 to December 2019, an independent non-executive director of China Railway Construction Corporation Limited, which is engaged in transportation infrastructure construction services and listed on the Stock Exchange (stock code: 1186) and Shanghai Stock Exchange (stock code: 601186), from October 2014 to December 2021 and an independent non-executive director of CRRC Corporation Limited, which is engaged in manufacturing and distribution of railway transportation equipment and listed on the Stock Exchange (stock code: 1766) and Shanghai Stock Exchange (stock code: 601766), from May 2015 to December 2021.

Mr. Sun was the group executive director and head of investment banking for Greater China at Jardine Fleming Holdings Limited from December 1996 to 2000 and the senior country officer and head of investment banking for Hong Kong of JPMorgan Chase from 2000 to March 2002. Subsequent to that, Mr. Sun was an executive director of Sunwah Kingsway Capital Holdings Limited (formerly known as SW Kingsway Capital Holdings Limited) (stock code: 0188) between September 2004 and May 2006 and an executive director and chief executive officer of Value Convergence Holdings Limited (stock code: 0821) from August 2006 to October 2009 (both companies are listed on the Stock Exchange).

Mr. Sun was formerly the chairman of the Chamber of Hong Kong Listed Companies from 2013 to 2015. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee of SFC from 1995 to 1997 and from 1999 to 2001, respectively. Mr. Sun was a member of the Council and the deputy chairman of the Listing Committee and of the Stock Exchange from 1995 to 2000 and from 2000 to 2002, respectively.

Mr. Sun obtained a bachelor of science degree in economics from Wharton School of the University of Pennsylvania, the United States, in May 1981. Mr. Sun also completed the Stanford Executive Program of Stanford Business School, the United States, in 2000. Mr. Sun is a fellow of the Association of Chartered Certified Accountants, the United Kingdom, and a fellow of the Hong Kong Institute of Certified Public Accountants.

Mr. Sun was an independent non-executive director of Trinity Limited (in liquidation) (stock code: 891) from October 2008 until November 2020. Subsequent to Mr. Sun's resignation from Trinity Limited in November 2020, winding up petitions were filed against Trinity Limited and its subsidiary in December 2020 for the failure to pay an outstanding sum of HK$150,383,631.90. In August 2021, Trinity Limited was ordered by the Supreme Court of Bermuda to be wound up and was in liquidation as of the Latest Practicable Date. Mr. Sun confirmed that (i) there was no wrongful act on his part leading to the winding up of Trinity Limited and (ii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the winding up of Trinity Limited.

LI Shengli (李勝利), aged 57, was appointed as an Independent Non-executive Director of the Company on 5 December 2022. Professor Li is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board.

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

Professor Li has been an independent non-executive director of China Modern Dairy Holdings Ltd., a dairy farm operator and listed on the Stock Exchange (stock code: 1117), since October 2010, an independent director of Zhejiang Yiming Food Co., Ltd. (浙江一鳴食品股份有限公司), which is engaged in dairy farming, manufacturing and sale of dairy products and listed on Shanghai Stock Exchange (stock code: 605179), since September 2018 and an independent director of Xinjiang Tianrun Dairy Co., Ltd. (新疆天潤乳業股份有限公司), which is engaged in manufacturing and sale of dairy products and listed on Shanghai Stock Exchange (stock code: 600419), since February 2020. Additionally, Professor Li was an independent non-executive director of China Zhongdi Dairy Holdings Company Limited, a dairy farm operator which was listed on the Stock Exchange in December 2015 and delisted due to privatisation in June 2021 (previous stock code: 1492), from February 2015 to December 2021 and an independent director of Beijing Scitop Bio-tech Co.,Ltd. (北京科拓恒通生物技術股份有限公司), which is engaged in lactic acid bacteria research and listed on Shenzhen Stock Exchange (stock code: 300858), from December 2019 to November 2020.

Professor Li obtained a bachelor's degree in animal husbandry and veterinary science graduated from Shihezi Agricultural College (石河子農學院) (currently known as Shihezi University (石河子大學)) in the PRC in July 1987 and a master's degree in animal husbandry and nutrition from Xinjiang Agricultural University (新疆農業大學) in the PRC in June 1993. He then obtained his doctorate degree in animal nutrition science from China Agricultural University in the PRC in July 1996.

CHANG Pan, Peter (張泮), aged 59, was appointed as an independent Director on 5 August 2020 and was redesignated as an Independent Non-executive Director on 24 March 2022. Mr. Chang is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board. Mr. Chang has also been appointed as an independent director of Dongying AustAsia, our principal operating subsidiary in the PRC, since October 2010 and subsequently has been appointed as an independent director of several other subsidiaries of the Company in the PRC where his role has been to participate in board meetings of the relevant PRC subsidiaries to provide independent advice and judgement on the operations and management of such subsidiaries on issues relating to the PRC business, strategy and performance as well as relationships with key stakeholder.

Mr. Chang is an entrepreneur with extensive experience in corporate management and investments. Since August 2004, Mr. Chang founded several companies under the brand of KAIA Group in Singapore, China and Malaysia which are engaged in property development, new material manufacturing and private equity investments ("**KAIA Group**"). Mr. Chang has served as the chairman and has been actively involved in the KAIA Group's development over the past years. Prior to founding KAIA Group, Mr. Chang had years of experience spanning across consultancy, property investment and power plants business. Mr. Chang worked at Paclantic Pte Ltd as its director until February 1997, where he was mainly responsible for oversight of company's consultancy and property investment business. From March 1997 to July 2004, Mr. Chang held positions of director, chief executive officer and president of AsiaPower Corporation Limited, a company mainly engaged in power plants management and operation which was voluntarily delisted from the SGX-ST in May 2014 (previous stock code: A03).

Mr. Chang obtained a bachelor of engineering degree from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 1984 and a doctor of philosophy (Ph.D) degree from Loughborough University of Technology in the United Kingdom in September 1989. Mr. Chang was elected a graduate of the Institution of Engineering and Technology (formerly the Institution of Production Engineers) in the United Kingdom in October 1990.

Save as disclosed above in "– *Board of Directors*", each Director had not held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT OF THE GROUP

The chief executive officer, the chief operating office and members of the senior management of the Group are responsible for the day-to-day management of our business. Information relating to the chief executive director and the chief operating office is set out in *"– Board of Directors"* above.

The members of the senior management of the Group include the following:

Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
Edgar Dowse COLLINS	55	Executive Director and chief executive officer	Responsible for the Group's overall operation and management	17 April 2009	5 June 1999
YANG Ku (楊庫)	53	Executive Director and chief operating officer	Responsible for the management and operations of dairy farms in the PRC	1 October 2015	1 October 2009
CHEN Yuan (陳遠)	53	Chief finance officer	Responsible for the financial and risk management, capital markets, investor relations of the Group	2 July 2021	2 July 2021
ZHANG Haicheng (張海成)	43	Operation general manager	Responsible for the day-to-day management of dairy farms in the PRC	1 January 2019	1 September 2009
SUN Lizhi (孫立志)	47	Finance controller	Responsible for the Group's overall financial reporting and accounting operations	2 July 2012	2 July 2012
KANG Kim Liang (江勁樑)	53	Head of corporate finance	Responsible for debt capital and banking finance of the Group	1 August 2021	21 January 2013
SUN Jingfeng (孫景峰)	40	General manager of Inner Mongolia region	Responsible for day-to-day management of dairy farms in Inner-Mongolia region in the PRC	1 January 2017	1 April 2010

Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
WU Wenzai (武文在)	41	General manager of Shandong region	Responsible for the day-to-day management of farms in Shandong region in the PRC	1 January 2019	1 October 2010
YU Hongfu (于洪富)	42	Technical controller for nutrition	Responsible for oversight of nutrition and feed formula for dairy herd and beef cattle	1 March 2012	1 April 2010
WEI Junshuai (衛軍帥)	40	Technical controller for quality control	Responsible for oversight of the raw milk quality and cow health	1 September 2012	1 October 2009
MEI Cheng (梅承)	44	Technical controller for genetic and reproduction	Responsible for the Group's cattle breeding, reproduction and genetic operations	5 September 2018	5 September 2018

Edgar Dowse COLLINS, aged 55, is the Executive Director and chief executive officer of the Company. See *"– Board of Directors"* above for further details.

YANG Ku (楊庫), aged 53, is the Executive Director and chief operating officer of the Company. See *"– Board of Directors"* above for further details.

CHEN Yuan (陳遠), aged 53, has been the chief finance officer of the Group since July 2021 and is primarily responsible for the financial and risk management, capital markets, investor relations of the Group.

Mr. Chen has around 18 years of experience spanning across investment banking, securities underwriting, equity capital market and corporate finance. From January 1995 to September 1999, Mr. Chen worked at China Southern Securities Co., Ltd. (南方證券有限公司) as the manager of securities underwriting in international business department, where he was responsible for underwriting and listing of Chinese B shares. From March 2002 to July 2002, Mr. Chen worked at Standard Capital Brokerage Limited as a business development manager. From July 2002 to December 2003, Mr. Chen worked at Polaris Capital (Asia) Limited (formerly known as GC Capital (Asia) Limited) as an associate director of equity capital market division. Mr. Chen joined Piper Jaffray Asia Securities Limited (formerly known as Goldbond Securities Limited) in April 2006 as a director of equity capital market division and was designated as the principal in October 2007, and Mr. Chen subsequently served as the head of Hong Kong equity capital market division from August 2008 to April 2009. From April 2009 to September 2010, Mr. Chen held the positions as managing director and head of institutional sales at China Everbright Limited.

In September 2010, Mr. Chen joined Fufeng Group Limited ("**Fufeng Group**"), a company listed on the Stock Exchange (stock code: 0546), as the vice general manager, and subsequently served as the executive director and chief financial officer from November 2010 to December 2014, during which he was responsible for matters relating to corporate finance, capital markets, investor relations, corporate development and other financial management. Subsequent to that, Mr. Chen served as the chief financial officer at Hyalroute Communication Group Limited (formerly known as International Telecommunication Group Holdings Limited), a telecom infrastructures provider in Southeast Asia, where he was primarily responsible for formulating the financial strategies and directing financial management functions of the company. Mr. Chen then rejoined Fufeng Group in July 2017 and served as the chief financial officer until June 2021.

Mr. Chen obtained a bachelor's degree in accounting from Xiamen University (廈門大學) in the PRC in July 1991 and a Master of Business Administration in international banking and finance from Birmingham Business School of the University of Birmingham in the United Kingdom in December 2001.

Mr. Chen ranked as one of the best CFOs by Finance Asia in the Best Companies Polls covering Hong Kong, Mainland China and Taiwan in March 2014.

ZHANG Haicheng (張海成), aged 43, has been the operation general manager of the Group since January 2019 and is primarily responsible for the day-to-day management of dairy farms in the PRC. Mr. Zhang has more than 15 years of experience in dairy farm management and operation. Mr. Zhang joined the Group in September 2009 as a deputy dairy farm manager of Dongying AustAsia, our principal operating subsidiary in the PRC, and successively served in its information division and farm operation manager from August 2010 to April 2013. Mr. Zhang worked as a dairy farm manager at Dongying Shenzhou AustAsia, our other principal operating subsidiaries in the PRC, from May 2013 to December 2014. Mr. Zhang was appointed as the deputy dairy farm manager of the Group in January 2015, and successively promoted to be the general manager in Shandong region in January 2017 and the operation general manager in January 2019.

Prior to joining the Group, Mr. Zhang joined Helingeer Dairy as the information division manager in October 2005. From September 2009 to July 2010, Mr. Zhang worked at Modern Farm as a deputy manager of information division.

Mr. Zhang obtained a college degree in computer and applications from Inner Mongolia University of Technology (內蒙古工業大學) in the PRC in July 2003.

SUN Lizhi (孫立志), aged 47, has been the finance controller since he joined the Group in July 2012. He is primarily responsible for the Group's overall financial reporting and accounting operations. Mr. Sun has years of experience in accounting, auditing and financial management.

Since he joined the Group, Mr. Sun has been overseeing and reviewing the financial statements and accounting work of the Group's various subsidiaries in the PRC. Mr. Sun is also in charge of the Group's information technology department, where he is responsible for formulating information management policies and enhancing information management systems, as well as supervising the department's daily work. Mr. Sun assists in overseeing the compliance related matters of the PRC subsidiaries.

Mr. Sun obtained a bachelor's degree in textile engineering from Qingdao University (青島大學) in the PRC in July 1998. Ms. Sun was accredited as a Chinese certified public accountant by Shandong Institute of Certified Public Accountants (山東省註冊會計師協會) in December 2009.

KANG Kim Liang (江勁樑), aged 53, has been the head of corporate finance of the Group since August 2021 and is primarily responsible for debt capital and banking finance of the Group. Mr. Kang joined the Group in January 2013 and had been managing the Group's corporate finance activities.

Mr. Kang has around 25 years of experience spanning across banking, corporate finance, investment advisory and fund management. Prior to joining the Group, from March 1997 to January 2002, Mr. Kang served as, among other roles, an account manager and later an assistant vice president at the corporate restructuring department of Crédit Industriel et Commercial Singapore Branch, a French cooperative bank, where he was in charge of managing the non-performing loan portfolios. Mr. Kang then successively worked at Clearwater Capital Partners, an asset management firm as an assistant vice president from February 2002 to July 2006, and at Concordia Advisors Singapore Pte. Ltd., a multi-strategy hedge fund, as a distressed debt analyst from July 2006. His focus for both funds were predominantly in distress debts, special situation assets and non-performing loan portfolios in South East and North Asian markets. From November 2009, Mr. Kang successively worked at two advisory firms, namely Alvarez & Marsal Asia Ltd and KordaMentha Pte Ltd respectively, providing corporate advisory services primarily in corporate and debt restructuring. From April 2012, Mr. Kang began serving as a deputy director (finance) at the accounts, finance and control division of TT International Limited, a company listed on the SGX-ST (stock code: T09), where he was responsible for overseeing a spectrum of corporate finance activities including finance strategy, investment management and merger and acquisitions as well as investor relations and corporate governance.

Mr. Kang obtained a bachelor of business degree from Nanyang Technological University in Singapore in May 1993. Mr. Kang also obtained a diploma in life insurance from the Singapore Insurance Institute in Singapore in November 1993.

SUN Jingfeng (孫景峰), aged 40, has been the general manager of Inner Mongolia region since January 2017 and is primarily responsible for day-to day management of dairy farms in Inner-Mongolia region in the PRC. Mr. Sun has more than 11 years of experience in dairy farm management.

Mr. Sun joined the Group in April 2010 as the deputy manager of Dongying AustAsia, our principal operating subsidiary in the PRC, and was in charge of production management. From May 2011 to December 2014, Mr. Sun worked at Tai'an AustAsia, our other principal operating subsidiaries in the PRC, as a dairy farm manager, where he was responsible for the farm's daily operation and management. Mr. Sun was promoted to be a deputy general manager of the Group in January 2015 and was in charge of production management of various farms across the PRC. Mr. Sun was further promoted to be the general manager of Inner Mongolia region in January 2017.

Mr. Sun obtained a college degree in animal nutrition and feed processing from Inner Mongolia Agricultural University (內蒙古農業大學) in the PRC in July 2004.

WU Wenzai (武文在), aged 41, has been the general manager of Shandong region since January 2019 and is primarily responsible for the day-to-day management of farms in Shandong region in the PRC. Mr. Wu has more than 16 years of experience in dairy farm management.

Mr. Wu joined the Group in October 2010 as a deputy dairy farm manager of Dongying AustAsia, our principal operating subsidiary in the PRC and was responsible for production management. From April 2011 to December 2018, Mr. Wu successively held positions at our other principal operating subsidiaries, including a deputy dairy farm manager at Tai'an AustAsia, a deputy general manager at Dongying Xianhe AustAsia and a dairy farm manager at Dongying AustAsia Beef, during which he was responsible for the management of production and daily operations.

Prior to joining the Group, Mr. Wu worked at Modern Farm as a dairy farm manager from July 2005 to July 2009.

Mr. Wu obtained a bachelor of agriculture degree in veterinary medicine from Inner Mongolia Agricultural University (內蒙古農業大學) in the PRC in July 2005.

YU Hongfu (于洪富), aged 42, has been the technical controller for nutrition of the Group since March 2012 and is primarily responsible for oversight of nutrition and feed formula for dairy herd and beef cattle. Mr. Yu has more than 17 years of experience in dairy farming and breeding.

Mr. Yu joined the Group in April 2010 and successively served as a deputy dairy farm manager in our principal operating subsidiaries in the PRC, namely Dongying AustAsia and Tai'an AustAsia, where he was responsible for the management of animal nutrition and feed formulations. In March 2012, Mr. Yu was promoted to be the technical controller for nutrition of the Group.

Prior to joining the Group, from September 2004 to March 2008, Mr. Yu worked at Helingeer Dairy as a farming and feeding division manager. From March 2008 to December 2012, Mr. Yu worked as a production manager at Modern Dairy (Chabei) Co., Ltd. (現代牧業(察北)有限公司), a subsidiary of Modern Farm.

Mr. Yu obtained a college degree in animal nutrition and feed processing from Inner Mongolia Agricultural University (內蒙古農業大學) in the PRC in July 2004.

WEI Junshuai (衛軍帥), aged 40, has been the technical controller for quality control of the Group since September 2012 and is primarily responsible for oversight of the raw milk quality and cow health. Mr. Wei has more than 15 years of experience in dairy industry.

Mr. Wei joined the Group in October 2009 as a deputy dairy farm manager of Dongying AustAsia and was responsible for the daily operation and management of the dairy farms. Mr. Wei was promoted to be the technical controller for quality control of the Group in September 2012.

Prior to joining the Group, from June 2006 to September 2009, Mr. Wei worked at the veterinary laboratory of Helingeer Dairy and was successively promoted to be a deputy manager and a general manager of the laboratory, where he was responsible for the raw milk quality control and infectious diseases prevention and control.

Mr. Wei obtained a bachelor of agriculture degree in veterinary medicine from Inner Mongolia Agricultural University (內蒙古農業大學) in the PRC in June 2006. Mr. Wei holds a veterinary qualification which was awarded by Shandong Animal Husbandry and Veterinary Bureau (山東省畜牧獸醫局) in March 2021.

MEI Cheng (梅承), aged 44, has been the technical controller for genetic and reproduction since he joined the Group in September 2018. He is primarily responsible for the Group's cattle breeding, reproduction and genetic operations. Mr. Mei has more than 20 years of experience in veterinary medicine and dairy farming.

Prior to joining the Group, Mr. Mei built his career at Guangzhou Huamei Milk Co., Ltd. (廣州市華美牛奶有限公司) from July 2000 to January 2009, where he served as a veterinary, responsible for cattle diseases prevention and control, and was subsequently promoted to be a deputy manager and in charge of the dairy techniques and human resource management. From February 2009 to February 2010, Mr. Mei studied the dairy farm operation and management in North Florida Holsteins farm, a 4,300 milking cow operation located in Florida, United States. From April 2010 to May 2013, Mr. Mei worked at Beijing World Wide Sires Company, Ltd. (北京環球種畜有限責任公司) as a technical manager, where he was in charge of the technical services. From June 2013 to June 2017, Mr. Mei worked at Guangzhou Baiqi Biotechnology Co., Ltd. (廣州百奇生物科技有限公司) as a technical manager, where he was in charge of the technical services.

Mr. Mei obtained a bachelor of agriculture degree in veterinary medicine and a master's degree in animal genetics, breeding and reproduction from South China Agricultural University (華南農業大學) in the PRC in July 2000 and June 2006, respectively. Mr. Mei holds a veterinary qualification which was awarded by Guangdong Department of Agriculture (廣東省農業廳) in December 2014.

SINGAPORE COMPANY SECRETARIES

Ms. CHUA Sook Ping Christina (蔡淑萍), aged 56, was appointed as the Singapore company secretary of the Company on 5 January 2012. Ms. Chua joined Japfa Group in 2010 and currently holds the position of head of legal and compliance in Japfa. Ms. Chua will continue to oversee all legal, compliance and secretarial functions of operations of the Japfa Group and company secretarial affairs of the Group following the completion of the Japfa Distribution and the Global Offering.

Ms. Chua has more than 30 years of experience as a lawyer. She joined Drew & Napier LLC in 1990 and later joined Rajah & Tann LLP in 2007. During her time in practice, Ms. Chua was a director at Drew & Napier LLC and later a partner at Rajah & Tann LLP, and was recommended in the 2003/2004, 2004/2005 and 2006/2007 editions of The Asia Pacific Legal 500 for Mergers & Acquisitions.

She was also named in Who's Who Legal (Singapore) 2007 for Mergers & Acquisitions and the International Tax Review 2004. She was named a highly recommended tax practitioner in Practical Law Company's Which Lawyer? Yearbook Singapore (2008).

Ms. Chua obtained a bachelor's degree in Laws from the National University of Singapore in June 1989 in Singapore. She is an advocate and solicitor of the Supreme Court of Singapore and was admitted to the Singapore Bar in March 1990. She has been a member of the Law Society of Singapore since 1990.

Ms. CHENG Sai Hong (鍾賽鳳), aged 52, was appointed as the Singapore company secretary of the Company on 5 January 2012.

Ms. Cheng has also served as the Company Secretary of Japfa since August 2011. Ms. Cheng has over 28 years of corporate secretarial experience which included Singapore listed companies such as Transpac Industrial Holdings Limited (now known as TIH Limited (stock code: T55)) and ComfortDelGro Corporation Limited (stock code: C52).

Ms. Cheng was admitted as an associate of the Singapore Association of the Institute of Chartered Secretaries and Administrators (a division of the Chartered Governance Institute) in January 2009 and an associate of the Chartered Secretaries Institute of Singapore in May 2017.

HONG KONG SECRETARY

Ms. HO Wing Nga (何詠雅), was appointed as the Hong Kong secretary of the Company on 24 March 2022.

Ms. Ho currently serves as the managing director, head of governance services, of Computershare Hong Kong Investor Services Limited. She is currently a joint company secretary of Financial Street Property Co., Limited (stock code: 1502), Newlink Technology Inc. (stock code: 9600), and the company secretary of Central China Management Company Limited (stock code: 9982). Ms. Ho has over 25 years of experience in corporate secretarial services. She obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in December 2006 and became an associate of The Hong Kong Chartered Governance Institute (the "HKCGI", previously known as the Hong Kong Institute of Chartered Secretaries) in the same month. In March 2015, Ms. Ho became a fellow of both the HKCGI and The Chartered Governance Institute. She is also a holder of the practitioner's endorsement of HKCGI and a member of The Hong Kong Institute of Directors. She is not a "secretary" of the Company as defined in the Singapore Companies Act.

BOARD COMMITTEES

The Board has established the audit committee, the remuneration committee and the nomination committee.

Audit Committee

The Company has established the Audit Committee of the Board in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. The duties and responsibilities include overseeing the financial reporting and reviewing the financial information of the Group, considering issues relating to the external auditors and their appointment and reviewing the internal controls systems of the Group (including financial, operational, compliance, information technology controls and risk management processes).

The Audit Committee consists of three Directors. The members of the Audit Committee are:

SUN Patrick *(Chairman)*
CHANG Pan, Peter
HIRATA Toshiyuki

Remuneration Committee

The Company has established the Remuneration Committee of the Board in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve the management's remuneration proposals and to determine or to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

The Remuneration Committee consists of three Directors. The members of the remuneration committee are:

CHANG Pan, Peter *(Chairman)*
SUN Patrick
TAN Yong Nang

Nomination Committee

The Company has established the Nomination Committee of the Board as recommended by the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee are to review structure, size and composition of the Board, identify individuals who are qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

The Nomination Committee consists of three Directors. The members of the Nomination Committee are:

TAN Yong Nang *(Chairman)*
SUN Patrick
LI Shengli

Environmental, Social and Governance Committee (the "ESG Committee")

The Company has established the ESG Committee of the Board. The primary duties of the ESG Committee are to formulate and review the vision, objectives, strategies, management structure, policies, risk profile and KPIs relating to ESG, to review the main trends in ESG, identify the risks and opportunities related to ESG, review the Company's annual ESG report to ensure compliance with the requirements of the Listing Rules and to report to the Board on the foregoing.

The ESG Committee consists of three Directors. The members of the ESG committee are:

Edgar Dowse COLLINS (*Chairman*)
YANG Ku
LI Shengli

For further details of the Company's ESG policies, see *"Business – Environmental, Social and Governance"*.

DIRECTORS' REMUNERATION AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

For the three financial years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022, the aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contributions to pension schemes), bonuses and share based payment expenses paid or payable by the Group to the Directors were approximately US$0.8 million, US$5.7 million, US$17.7 million and US$8.2 million, respectively.

Under the current arrangements, the aggregate remuneration and benefits in kind payable to the Directors for the financial year ending 31 December 2022 are estimated to be approximately US$15 million.

For the three financial years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022, one, three, four and three of the five highest paid individuals were Directors. The aggregate amount of the fees, salaries, housing allowances, other allowances, benefits in kind (including contributions to pension schemes) and bonuses and share-based payment expenses paid by the Group to the four, two, one and two remaining highest paid individuals were approximately US$1.7 million, US$0.8 million, US$0.4 million and US$0.7 million, respectively.

During the Track Record Period, no remuneration was paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past directors of the Company or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors had waived any remuneration and/or emoluments during the Track Record Period.

Information on the letters of appointment entered into between the Company and the Directors is set out in *"Appendix V 一 Statutory and General Information"*.

BOARD DIVERSITY

The Board has adopted a policy which sets out the objectives and approach to achieving diversity for the Board.

The Company recognises diversity in Board composition is an essential measure of good governance and a driver of the Board's effectiveness. It is a critical attribute of a well-functioning board and contributes to the sustainable development of the Company. A diverse board enhances decision-making capability and effectiveness in discharging its duties and responsibilities through leveraging differences in thoughts and perspectives.

The Board considers that the concept of diversity incorporates a number of different aspects, such as professional experience, business experience, skills, knowledge, gender, age, ethnicity and cultural background. Selection of candidates will be based on a range of diversity perspectives and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. To ensure there is gender diversity on the Board, the Board has set a target that there must be at least one female Director on the Board at all times. In this regard, the Board comprises eight Directors, including one female Director, who bring to the Board a diverse range of skills, knowledge and experience.

The Nomination Committee is responsible for ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes. It will consider the balance in board composition in terms of skills, experience, independence as well as diversity in carrying out the annual performance assessment on the effectiveness of the Board, the Board Committees and individual Directors. The Nomination Committee will periodically identify and, when suitable, recommend female candidates to the Board for consideration for appointment as a Director. The Company will also continue to ensure that gender diversity is considered when recruiting staff at the mid to senior levels so as to develop a pipeline of female management members and potential appointees to the Board in the future, and continue to emphasise training of female talent and provide long-term development opportunities for female staff.

The Company is committed to maintaining a suitable working environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status.

Following the Listing, the Board will review the board diversity policy annually to ensure its continued effectiveness.

CORPORATE GOVERNANCE

The Company is committed to maintaining good corporate governance so as to deliver long-term and sustained value for the Shareholders. The Company will comply with the requirements of the Corporate Governance Code set out in Appendix 14 to the Listing Rules with effect from the Listing Date.

COMPLIANCE ADVISER

The Company has appointed Anglo Chinese Corporate Finance, Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company. In compliance with Rule 3A.23 of the Listing Rules, the Company must consult with, and if necessary, seek advice from, the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated;

(c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares or any other matters.

The term of the appointment of the compliance adviser will commence on the Listing Date and will end on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

FUTURE PLANS

See "*Business – Strategies*" for a detailed description of our future plans and comprehensive strategies.

USE OF PROCEEDS

The net proceeds from the Global Offering (assuming that the Over-allotment Option is not exercised) to be received by the Company, after deducting the underwriting commissions, discretionary incentive fee (assuming full payment of the discretionary incentive fee) and estimated expenses in connection with the Global Offering, will be:

- approximately HK$80.8 million, assuming that the Offer Price is HK$5.79 (being the Minimum Offer Price);

- approximately HK$99.3 million, assuming that the Offer Price is HK$6.40 (being the mid-point of the Offer Price Range); or

- approximately HK$117.5 million, assuming that the Offer Price is HK$7.00 (being the Maximum Offer Price).

The Company intends to use the net proceeds of HK$99.3 million (being the mid-point of the Offer Price Range) from the Global Offering in building farm facilities and purchasing equipment for Pure Source Farm 4 (Farm 12), where construction is expected to commence in April 2023 and full milking capacity is expected to be reached by November 2024. The main facilities and equipment will include (i) two milking equipment, (ii) 37 vehicle equipment for cow raising and feeding, (iii) cooling equipment and other breeding ancillary equipment and facilities, (iv) cow manure treatment facilities, (v) testing and inspection equipment, (vi) power generating equipment, and (vii) logistic support equipment and facilities. This farm is located in Shandong and is expected to have total capacity for 12,500 dairy cows and milking capacity for 5,700 dairy cows. Once full milking capacity is reached, this farm is expected to produce raw milk of approximately 80,000 tons/year, which will increase the Group's total raw milk production volume by 13%.

The following table sets forth certain details of our proposal for the construction of the Pure Source Farm 4:

Farm	Location	Commencement of construction	Expected commencement of commercial production	Planned holding capacity	Planned full milking capacity[1]	Expected production volume[2]	Rotary milking parlour	Expected size	Estimated total investment costs	Estimated investment in facilities and equipment	Estimated investment in cattle acquisition and breeding[3]
				(number of dairy cows/head)	*(number of milking cows/head)*	*(tons/year)*	*(milking stalls)*	*(mu)*		*(in RMB millions)*	
Pure Source Farm 4 ("**Farm 12**")	Shandong	April 2023	December 2023	12,500	5,700	80,000	80 x 2	1,400	669.7	338.0	296.0

Notes:

(1) Full milking capacity is estimated based on the number of milking stalls, rotation speed and our milking routine. Based on our typical rotation speed, the maximum number of milking cows we can accommodate per hour is within the range of 550 to 600. And our milking routine is six hour per shift (4x per day).

(2) Expected production volume when the full milking capacity is reached.

(3) We plan to acquire a total number of 8,667 heads of cattle for Pure Source Farm 4, of which 2,200 heads of cattle are to be acquired from third-party suppliers in Australia and 6,467 heads are to be acquired internally from the Group's other dairy farms. The expected price per head of cattle to be acquired from third party suppliers in Australia is approximately RMB28,500, while the expected price per head of cattle to be acquired internally from the Group's other dairy farms is approximately RMB27,800. In addition to the acquisition costs, the estimated investment amounts also include the estimated breeding costs for the cattle acquired.

We also intend to use other financing, which we expect will principally be in the form of bank loans, in connection with the expansion plans for Pure Source Farm 4 to satisfy our capital needs. For more details, see "*Business – Raw Milk Business – Our Dairy Farms*".

If the Over-allotment Option is exercised in full, after deducting the relevant underwriting commissions, the additional net proceeds which the Company will receive from such exercise of the Over-allotment Option will be:

- approximately HK$26.3 million, assuming an Offer Price of HK$5.79 (being the Minimum Offer Price);
- approximately HK$29.1 million, assuming an Offer Price of HK$6.40 (being the midpoint of the Offer Price Range); or
- approximately HK$31.8 million, assuming an Offer Price of HK$7.00 (being the Maximum Offer Price).

Any additional proceeds received from the exercise of the Over-allotment Option will be allocated to the above purposes on a pro rata basis.

If the net proceeds of the Global Offering are not immediately applied to the above purpose, the Company will deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO).

CORNERSTONE INVESTMENTS

The Company has entered into cornerstone investment agreements with the cornerstone investors set out below (together, the "**Cornerstone Investors**"). The Cornerstone Investors have agreed to subscribe for, and the Company has agreed to issue, allot and place to the Cornerstone Investors, at the Offer Price for such number of Offer Shares (rounded down to the nearest board lot of 1,000 Shares) that may be subscribed for in an aggregate amount of approximately HK$155.6 million (exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy) under and as part of the International Offering (the "**Cornerstone Investments**").

The Offer Shares to be delivered to each of the Cornerstone Investors pursuant to the relevant cornerstone investment agreement will rank *pari passu* with all other Shares then in issue and to be listed on the Stock Exchange and will count towards the public float of the Shares.

To the best knowledge of the Company, (i) each Cornerstone Investor is an independent third party, is not a connected person of the Company, is not an existing Shareholder or their close associates, and is independent of the other Cornerstone Investor; (ii) none of the Cornerstone Investors is accustomed to taking instructions from the Company, the directors, the chief executives, the Controlling Shareholders or the substantial shareholders of the Company or of any of its subsidiaries, the existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting or other disposition of securities of the Company; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by the Company, the directors, the chief executives, the Controlling Shareholders or the substantial shareholders of the Company or of any of its subsidiaries, the existing Shareholders or their respective close associates; (iv) save for China Modern Dairy Holdings Ltd. ("**CMD**"), the guarantor of Well Alliance Investment Holdings Limited ("**Well Alliance**"), each of the Cornerstone Investors or their holding companies is not listed on any stock exchange; (v) CMD does not require the approval from the Stock Exchange and its shareholders to invest in the Company; (vi) Mr. LI Shengli, an Independent Non-executive Director of the Company and an independent non-executive director of CMD (the guarantor of Well Alliance), was not appointed nor nominated by Well Alliance or CMD to be an independent non-executive director of the Company, and does not represent Well Alliance or CMD in relation to the transaction or any other matters contemplated under the Cornerstone Investment Agreement; and (vii) one of the Group's top five customers during the Track Record Period is a subsidiary of China Mengniu Dairy Company Limited, which is listed on the Stock Exchange and a shareholder of CMD.

Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company, and none of the Cornerstone Investors will have any representative on the Board. There are no side arrangements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Investments, and the Cornerstone Investors do not have any preferential rights under the cornerstone investment agreements compared to other public Shareholders, other than the guaranteed allocation of the relevant Offer Shares at the Offer Price. Each of the Cornerstone Investors will fully pay for its Offer Shares before dealings in the Company's Shares on the Stock Exchange commence.

If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of all or any part of the Offer Shares subscribed by Well Alliance under its Cornerstone Investment. Well Alliance has agreed that it shall nevertheless pay for the relevant Offer Shares before dealings in the Shares on the Stock Exchange commence. If there is no over-allocation in the International Offering, delayed delivery will not take place. For details of the Over-allotment Option, please refer to "*Structure of the Global Offering – Over-allotment Option*". There is no arrangement for the delayed delivery of shares or deferred settlement of payment with Proterra Asia Food Fund 3 VCC.

The Company became acquainted with the Cornerstone Investors through business relationships or introduction by the Underwriters for the purpose of the Global Offering. The Company is of the view that, leveraging on the Cornerstone Investors' investment or industry experience, the Cornerstone Investments will help raise the profile of the Company and signify the confidence of such investors in the Group's business and prospects.

The Offer Shares to be delivered to the Cornerstone Investors may be affected by the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, as further described in "*Structure of the Global Offering*". Details of the allocations of the Offer Shares to the Cornerstone Investors will be disclosed in the allotment results announcement of the Company to be published on or around 29 December 2022.

Set out below is a breakdown of the anticipated number of Offer Shares to be subscribed by each Cornerstone Investor and the respective investment amounts:

				Approximate percentage of the International Offer Shares		Approximate percentage of the Offer Shares		Approximate percentage of the total issued Shares(2)	
Cornerstone Investors	Investment amount	Indicative Offer Price	Number of Offer Shares(1)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ '000)	*(HK$)*							
Well Alliance	10,000	Minimum Offer Price: 5.79	13,434,000	48.72%	41.76%	43.84%	38.13%	1.91%	1.90%
	10,000	Mid-point of Offer Price Range: 6.40	12,154,000	44.07%	37.78%	39.67%	34.49%	1.74%	1.73%
	10,000	Maximum Offer Price: 7.00	11,112,000	40.30%	34.54%	36.27%	31.54%	1.59%	1.58%
Proterra Asia Food Fund 3 VCC (on behalf of and for the account of its sub-fund Proterra Asia Food Fund 3 LP SF)	10,000	Minimum Offer Price: 5.79	13,434,000	48.72%	41.76%	43.84%	38.13%	1.91%	1.90%
	10,000	Mid-point of Offer Price Range: 6.40	12,154,000	44.07%	37.78%	39.67%	34.49%	1.74%	1.73%
	10,000	Maximum Offer Price: 7.00	11,112,000	40.30%	34.54%	36.27%	31.54%	1.59%	1.58%
Total	20,000	Minimum Offer Price: 5.79	26,868,000	97.43%	83.51%	87.69%	76.25%	3.82%	3.80%
	20,000	Mid-point of Offer Price Range: 6.40	24,308,000	88.15%	75.56%	79.33%	68.99%	3.47%	3.45%
	20,000	Maximum Offer Price: 7.00	22,224,000	80.59%	69.08%	72.53%	63.07%	3.19%	3.17%

Notes:

(1) Calculated based on an exchange rate of US$1.00:HK$7.77862 and rounded down to the nearest whole board lot of 1,000 Shares. The actual investment amount in Hong Kong dollars will be calculated with reference to the applicable exchange rate set out in the relevant cornerstone investment agreement.

(2) Based on the total number of Shares in issue immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering.

DETAILS OF THE CORNERSTONE INVESTORS

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

Information about Well Alliance

Well Alliance is the indirect wholly owned subsidiary of CMD. CMD is incorporated in the Cayman Islands with limited liability and is listed on the Main Board of the Stock Exchange (HKSE: 01117). As of the Latest Practicable Date, the largest substantial shareholder of CMD (with an interest in approximately 56.36% of the issued shares of CMD) was China Mengniu Dairy Company Limited. CMD is an investment holding company, which, along with its subsidiaries (collectively the "**CMD Group**"), is principally engaged in dairy farming operations, production and sale of raw milk. As of 30 June 2022, the CMD Group operated 38 dairy farming companies in the PRC with dairy cows of 382,693 heads and annualised milk yield of over 2.3 million tons. The CMD Group is a global leading dairy farming operator and raw milk producer in terms of herd size.

Information about Proterra Asia Food Fund 3 VCC (on behalf of and for the account of its sub-fund Proterra Asia Food Fund 3 LP SF)

Proterra Asia Food Fund 3 VCC ("**FF3 VCC**") (on behalf of and for the account of its sub-fund Proterra Asia Food Fund 3 LP SF) is a fund entity incorporated in the Republic of Singapore and managed and controlled by Proterra Investment Advisors (Singapore) Pte Ltd ("**Proterra Singapore**"), a fund manager licensed by the Monetary Authority of Singapore. As confirmed by FF3 VCC, Proterra Singapore is owned and controlled by Proterra Investment Partners LP ("**PIP LP**"), which is regulated by the US Securities and Exchange Commission. The significant controllers for PIP LP are James Sayre, Richard Gammill and Brent Bechtle. FF3 VCC is an umbrella variable capital company and together with all its sub-funds has in aggregate committed capital/AUM of approximately US$200 million as of November 2022. The FF3 VCC only makes investments in the Asian food sector.

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to acquire, and the obligations of the Company and the Overall Coordinators to issue and deliver the Offer Shares pursuant to the relevant cornerstone investment agreement is conditional upon the following:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Offer Shares to be subscribed by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the subscription of the Offer Shares under the relevant cornerstone investment agreement and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting the consummation of such transactions; and

(e) the respective representations, warranties, undertakings, acknowledgements, and confirmations of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all material respects and there being no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of each of the Company, the Overall Coordinators and the Joint Sponsors, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the Shares subscribed by it pursuant to the relevant cornerstone investment agreement and any other securities of the Company which are derived therefrom (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary or fellow subsidiary undertakes to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and be subject to the restrictions on disposal of Relevant Shares imposed on such Cornerstone Investor.

In preparation of the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and Companies (WUMP) Ordinance:

1. WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, the Company must have sufficient management presence in Hong Kong. This normally means that at least two of the Executive Directors must be ordinarily resident in Hong Kong.

The Group's headquarters and principal place of business are located in Mainland China. The Executive Directors and all other members of the senior management team are located in Singapore or Mainland China and they manage the Group's business operations from Singapore and Mainland China. Accordingly, the Company does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement for management presence in Hong Kong under Rule 8.12 of the Listing Rules, subject to the Company adopting the following arrangements to maintain regular communications with the Stock Exchange in line with Guidance Letter HKEX-GL9-09:

(a) the Company has appointed Edgar Dowse COLLINS and CHUA Sook Ping Christina as its authorised representatives for the purpose of Rule 3.05 of the Listing Rules, who will act as the Company's principal channel of communication with the Stock Exchange. As and when the Stock Exchange wishes to contact the Directors on any matters, each of these authorised representatives will have the means to contact all of the Directors promptly at all times;

(b) the Company has provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number, fax number and/or e-mail address) to facilitate communication with the Stock Exchange;

(c) each Director who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period; and

(d) the Company has appointed Anglo Chinese Corporate Finance, Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication with the Stock Exchange.

2. WAIVER IN RELATION TO THE APPOINTMENT OF HONG KONG SECRETARY

Rule 8.17 of the Listing Rules requires the Company to appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules requires the Company to appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, C(WUMP)O, and the Codes on Takeovers and Mergers and Share Buy-backs;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Ms. Chua Sook Ping Christina joined the Japfa Group in 2010 and currently holds the position of head of legal and compliance of Japfa and was appointed as the Singapore company secretary of the Company on 5 January 2012. Ms. Chua has more than 20 years of experience in legal practice and is admitted as an advocate and solicitor of the Supreme Court of the Republic of Singapore. Ms. Cheng Sai Hong was appointed as the Singapore company secretary of the Company on 5 January 2012. Ms. Cheng was admitted as an associate of The Chartered Governance Institute (previously known as The Institute of Chartered Secretaries and Administrators) in January 2009 and an associate of the Chartered Secretaries Institute of Singapore in May 2017. Further details of the qualifications and experience of Ms. Chua and Ms. Cheng are set out in *"Directors and Senior Management"*. Notwithstanding the relevant knowledge, experience and qualifications of Mr. Chua and Ms. Cheng, they do not possess the specified qualifications strictly required under Rule 3.28 of the Listing Rules.

The Company has therefore appointed Ms. Ho Wing Nga as the Hong Kong secretary of the Company to assist Ms. Chua and Ms. Cheng in discharging the duties of company secretary of the Company under the Listing Rules.

As a Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, Ms. Ho satisfies the requirements under Rule 3.28 of the Listing Rules to jointly discharge the duties and responsibilities under the Listing Rules as the company secretary of the Company with Ms. Chua and Ms. Cheng, and to assist Ms. Chua and Ms. Cheng in acquiring the relevant experience under Note 2 to Rule 3.28 of the Listing Rules. In support of the waiver application, the Company will adopt the following arrangements:

(a) Ms. Ho and, for at least the period required by Rule 3A.19 of the Listing Rules, the compliance advisor will work closely with Ms. Chua and Ms. Cheng to jointly discharge the duties and responsibilities as the company secretaries of the Company and to assist Ms. Chua and Ms. Cheng to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the Listing Date, a period which should be sufficient for Ms. Chua and Ms. Cheng to acquire the relevant experience as required under the Listing Rules;

(b) the Company will ensure that Ms. Chua and Ms. Cheng continue to have access to the relevant training and support in relation to the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange; and

(c) before the end of the three-year period, the qualifications and experience of Ms. Chua and Ms. Cheng and the need for on-going assistance of Ms. Ho will be further evaluated by the Company and the Company will endeavour to demonstrate to the Stock Exchange's satisfaction that Ms. Chua and Ms. Cheng, having had the benefit of the assistance of Ms. Ho for the immediately preceding three years, have acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period of three years from the Listing Date, on the condition that the waiver will be revoked if (i) Ms. Ho ceases to provide assistance to Ms. Chua and Ms. Cheng during the three-year period or (ii) there are material breaches of the Listing Rules by the Company.

3. WAIVERS IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Certain members of the Group have entered into certain transactions which will constitute non-exempt continuing connected transactions of the Company under the Listing Rules following the Listing. The Company has applied for, and the Stock Exchange has granted, waivers from strict compliance with Chapter 14A of the Listing Rules in relation to the non-exempt continuing connected transactions. See *"Connected Transactions – D. Waiver Applications for Non-exempt Continuing Connected Transactions"*.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
DBS Asia Capital Limited
Daiwa Capital Markets Hong Kong Limited
ABCI Securities Company Limited
BOCOM International Securities Limited
Futu Securities International (Hong Kong) Limited
Silverbricks Securities Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Underwriters and the International Underwriters are Capital Market Intermediaries as defined in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 3,064,000 Hong Kong Offer Shares and the International Offering of initially 27,576,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in "*Structure of the Global Offering*" as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion, terminate the Hong Kong Underwriting Agreement by giving notice in writing to the Company with immediate effect, if at any time prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom, or the European Union (or any member thereof) (each a "**Relevant Jurisdiction**"); or

(b) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in any local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets), in or affecting any Relevant Jurisdiction; or

(c) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, volcanic eruption, tsunami, civil commotion, riots, public disorder, acts of war (whether declared or undeclared), acts of terrorism (whether or not responsibility has been claimed), acts of God, outbreak or escalation, mutation or aggravation of diseases or epidemics including, but not limited to SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS), COVID-19 and such related/mutated forms, interruption in transportation, economic sanction, paralysis in government operations, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in whatever form) in or affecting any Relevant Jurisdiction; or

(d) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange; or

(e) any general moratorium on commercial banking activities in or affecting any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(f) any (A) change or development involving a prospective change in exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies, or any devaluation of the Hong Kong dollar or RMB against any foreign currencies), or (B) any change or development involving a prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(g) the issue or requirement to issue by the Company of a supplemental or amendment to this prospectus, **GREEN** Application Form, preliminary offering circular or final offering circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC, in each case without the prior consent of the Joint Sponsors; or

(h) any change or development involving a prospective change which has the effect of materialisation of any of the risks set out in "*Risk Factors*"; or

(i) any litigation, claim, or any legal or regulatory action being threatened or instigated against or any governmental, political or regulatory body or organisation in any Relevant Jurisdiction commencing any investigation or action or other proceedings against any member of the Group or any of the Directors; or

(j) any contravention by any member of the Group or any Director of the Companies Ordinance, the Listing Rules or any applicable laws; or

(k) the resignation of the chairman or chief executive officer of the Company or a Director, or any of them being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(l) any adverse change or prospective adverse change in the earnings, results of operations, business, financial or trading position or prospects of any member of the Group (including any litigation or claim of any third party being threatened or instigated against any member of the Group); or

(m) any demand by creditors for repayment of indebtedness or a petition being presented or any order being made for the winding-up or liquidation of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(n) a prohibition on the Company for whatever reason from allotting, issuing or selling the Offer Shares (including the Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(o) the imposition of sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on any member of the Group; or

(p) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any applicable laws, which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(A) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Company or the Group as a whole; or

(B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make or may make it impracticable or inadvisable or incapable for any material part of the Hong Kong Underwriting Agreement to be performed or implemented as envisaged; or

(C) makes or will make it or may make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus or the final offering circular; or

(D) has or will have or may have the effect of making a part of Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) that any statement contained in the Hong Kong Public Offering documents, and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue, incomplete, incorrect or misleading or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering documents and/or any notices, announcements, advertisements, communications with the Stock Exchange or the SFC so issued or used are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(c) any breach of, or any matter or event rendering untrue, incorrect or inaccurate in any material respect, or misleading in any respect, any of the representations and warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(d) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement; or

(e) a significant portion of the orders in the bookbuilding process at the time of the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled; or

(f) any material breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(g) any expert (other than the Joint Sponsors), whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its consent prior to the issue of this prospectus; or

(h) admission to listing is refused or not granted, other than subject to any applicable conditions, on or before the Listing Date, or if granted, the admission is subsequently withdrawn, cancelled, qualified (other than by any applicable conditions), revoked or withheld; or

(i) the Company has withdrawn this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, the group of Controlling Shareholders has undertaken to each of the Stock Exchange and the Company that, except pursuant to the Global Offering (including any exercise of the Over-allotment Option), he/it will not and will procure that the relevant registered holder(s) will not:

(1) in the period commencing on the date by reference to which disclosure of his/its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; or

(2) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires, dispose of, nor enter into any agreement to dispose of or otherwise create, any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it will cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or a member of a group of the Controlling Shareholders of the Company or together with the other Controlling Shareholders cease to be controlling shareholders (as defined in the Listing Rules) of the Company,

in each case, save as permitted under the Listing Rules.

Notwithstanding the undertaking above, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the group of Controlling Shareholders is permitted to pledge or charge its Shares beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) (the "**Secured Party**") for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules (a "**Permitted Encumbrance**") and the Secured Party may enforce the Permitted Encumbrance subject to the following undertakings. The group of Controlling Shareholders has undertaken to each of the Stock Exchange and the Company that within the period commencing on the date by reference to which disclosure of his/its holding of Share is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

(1) if he/it grants a Permitted Encumbrance, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

(2) when he/it receives indications, either verbal or written, from the Secured Party that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters in accordance with the publication requirements of the Listing Rules as soon as possible.

As of the date of this prospectus, one of the Controlling Shareholders has obtained a bona fide commercial loan from an authorised institution and upon completion of the Listing, it will grant security over a portion of the Shares held by it to such authorised institution.

Undertakings by the Company Pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to (i) the Global Offering, (ii) the Capitalisation Issue and the Share Award Issuance and (iii) the grant of awards and issue of Shares pursuant to the AAG PSP and the RSU Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), not to, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise dispose of, or agree to dispose of, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in the Shares or other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any Shares or other equity securities of the Company, as applicable); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other equity securities of the Company); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of the Company, or in cash or otherwise.

Undertakings by the Controlling Shareholders Pursuant to the Lock-up Undertaking

Each of the Controlling Shareholders has undertaken to the Company, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Underwriters) that, it/he/she will not and will procure that any nominee or trustee holding in trust for it/him/her will not:

(a) in the period commencing on the date by reference to which disclosure of the Controlling Shareholders' holding of the Shares held or controlled by them (the "**Relevant Shares**") is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares in respect of which it/him/her is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be a controlling shareholder of the Company,

in each case, save as permitted under the Listing Rules.

The above restrictions will not apply in the following circumstances:

(i) when any Controlling Shareholder pledges or charges any Relevant Shares beneficially owned by the Controlling Shareholder in favour of an authorised institution for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, provided that the Controlling Shareholders shall immediately inform the Company and the Overall Coordinators in writing of (1) such pledge or charge together with the number of Relevant Shares so pledged or charged and (2) any indication from the pledgee or charge (verbal or written) that any of the pledged or charged Relevant Shares will be disposed of, upon receiving such indications;

(ii) any Shares acquired in open market transactions after the completion of the Global Offering; or

(iii) any transfers to any wholly-owned subsidiaries or wholly-owned entities of the Controlling Shareholders, provided that, prior to such transfer, such wholly-owned subsidiary gives a written undertaking (addressed to and in favour of the Company and the Overall Coordinators in terms satisfactory to them and substantially the same as this undertaking) agreeing to, and each Controlling Shareholder undertakes to procure that such wholly-owned subsidiary or wholly-owned entity will, be bound by the undertaking.

Undertakings by Meiji China Pursuant to the Lock-up Undertaking

Meiji China has undertaken to the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) that, it will not and will procure that any nominee or trustee holding in trust for Meiji China will not, at any time during the period commencing on the date of this letter, and ending on a date which is six months from the date on which trading in the Shares commences on the Stock Exchange dispose of any all Shares or other equity securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company) as held by Meiji China as of the date of this prospectus (the "**Relevant Shares**") or any interest in any company or entity holding or controlling (directly or indirectly) any Relevant Shares.

The above restrictions will not apply in the following circumstances:

(a) any Relevant Shares which may be sold by Meiji China as part of the Global Offering; or

(b) any charge, mortgage or pledge by Meiji China of the Relevant Shares during the Lock-up Period in favour of a financial institution to secure a loan or financing facility made to Meiji China ("**Loan**") if the person making the Loan undertakes to be bound by the restrictions on disposal herein during the Lock-up Period and which restrictions shall include any disposal of the Relevant Shares on exercise of any enforcement action or foreclosure following a default under the Loan; or

(c) any transfer of any Relevant Shares (i) as may be required by applicable law or regulation or by any competent authority or (ii) with the prior written consent of the Company and the Overall Coordinators; or

(d) any Shares acquired in open market transactions after the completion of the Global Offering; or

(e) any transfers to any wholly-owned subsidiaries of Meiji China, provided that, prior to such transfer, such wholly-owned subsidiary gives a written undertaking (addressed to and in favour of the Company and the Overall Coordinators in terms satisfactory to them and substantially the same as this undertaking) agreeing to, and Meiji China undertakes to procure that such wholly-owned subsidiary will, be bound by the undertaking.

Hong Kong Underwriters' Interests in the Company

Save for their obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company is expected to enter into the International Underwriting Agreement with the Overall Coordinators and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers or purchasers for, or themselves to subscribe for or purchase, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed. See "*Structure of the Global Offering – The International Offering*".

Over-allotment Option

The Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to allot and issue up to an aggregate of 4,596,000 additional Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See "*Structure of the Global Offering – Over-allotment Option*" for further details.

Commissions and Expenses

The Underwriters will receive an underwriting commission of USD3 million (assuming an Offer Price of HK$6.40 per Offer Share which is the mid-point of the Offer Price Range and that the Over-allotment Option is not exercised), out of which they will pay any sub-underwriting commissions and other fees. The Underwriters may receive an additional incentive fee of no more than 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option) from the Global Offering, the payment and allocation of which shall be determined in the sole discretion of the Company. The total fees payable to the Underwriters, assuming the additional incentive fee is paid in full and that the Over-allotment Option is not exercised, represent approximately 13.0% of the total gross proceeds raised in the Global Offering. The ratio of the fixed fees and discretionary fees payable to all syndicate members is 92%:8%.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$6.40 per Offer Share which is the mid-point of the Offer Price Range, the full payment of the incentive fee and that the Over-allotment Option is not exercised) will be approximately HK$25.4 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$96.8 million (assuming an Offer Price of HK$6.40 per Offer Share which is the mid-point of the Offer Price Range, the exercise of the Over-allotment Option in full and the full payment of the discretionary incentive fee) and will be paid by the Company.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by them of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "*Structure of the Global Offering*". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, commercial banking, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

30,640,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 3,064,000 Shares (subject to reallocation) in Hong Kong as described in "– *The Hong Kong Public Offering*" below; and

(b) the International Offering of initially 27,576,000 Offer Shares (subject to reallocation and the Over-allotment Option) (i) in the United States to only persons who are QIBs in reliance on Rule 144A, or pursuant to an exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the "– *The International Offering*" below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

Assuming an Offer Price of HK$6.40 per Offer Share which is the mid-point of the Offer Price Range, the Offer Shares will represent approximately 4.4% of the total Shares in issue immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue and the Share Award Issuance and the Global Offering.

References in this prospectus to applications, the **GREEN** Application Form, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 3,064,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. Assuming an Offer Price of HK$6.40 per Offer Share which is the mid-point of the Offer Price Range, the number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.44% of the total Shares in issue immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "– *Conditions of the Global Offering*" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,532,000 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 9,192,000 Offer Shares (in the case of (a)), 12,256,000 Offer Shares (in the case of (b)) and 15,320,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) (the "**PN18 Clawback**"). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

In addition, the Overall Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

The Overall Coordinators may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL91-18. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at HK$5.79 (low-end of the Offer Price Range), up to 3,064,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 6,128,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option) (the "**Allocation Cap**").

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators, subject to the PN18 Clawback and the Allocation Cap (as applicable).

Details of any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement which is expected to be published on Thursday, 29 December 2022.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK$7.00 per Offer Share in addition to the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share, amounting to a total of HK$7,070.55 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in "– *Pricing and Allocation*" below, is less than the Maximum Offer Price of HK$7.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy of 0.00015% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "*How to Apply for Hong Kong Offer Shares*".

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 27,576,000 Offer Shares (subject to reallocation and the Over-allotment Option), representing 90.0% of the total number of Offer Shares initially available under the Global Offering. Assuming an Offer Price of HK$6.40 per Offer Share which is the mid-point of the Offer Price Range, the number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 3.94% of the total Shares in issue immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares in the United States or to U.S. persons, in each case only to persons who are QIBs in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States and to non-U.S. persons in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "– *Pricing and Allocation*" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in *"– The Hong Kong Public Offering – Reallocation"* above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 4,596,000 additional Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.66% of the total Shares in issue immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;

(d) no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Friday, 20 January 2023, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

(f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part or using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

Determining the Offer Price

The Company will determine the pricing for the Offer Shares for the purpose of the various offerings under the Global Offering on the Price Determination Date, which is expected to be on or about Wednesday, 21 December 2022 and, in any event, no later than Thursday, 29 December 2022, by agreement with the Overall Coordinators (for themselves and on behalf of the Underwriters), and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK$7.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and AFRC transaction levy of 0.00015%, amounting to a total of HK$7,070.55 for one board lot of 1,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the low-end of the Offer Price Range stated in this prospectus.

The Company reserves the right not to proceed with the Hong Kong Public Offering and the International Offering on or at any time until the Price Determination Date if, for any reason, including as a result of changes in market conditions, the Company does not agree with the Overall Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Thursday, 29 December 2022.

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price Range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at **www.austasiadairy.com** and **www.hkexnews.hk**, respectively, notices of the reduction. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received, and all unconfirmed applications will not be valid.

Announcement of Final Pricing of the Offer Shares

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in *"How to Apply for Hong Kong Offer Shares – D. Publication of Results"*.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in "*Underwriting*".

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company on or before Thursday, 29 December 2022, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at **www.austasiadairy.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "*How to Apply for Hong Kong Offer Shares – F. Refund of Application Monies*". In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, 30 December 2022, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 30 December 2022, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 30 December 2022.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 2425.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering. The Company will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at ***www.hkexnews.hk*** *under the "HKEXnews > New Listings > New Listing Information" section, and the Company's website at* ***www.austasiadairy.com****. If you require a printed copy of this prospectus, you may download and print from the website addresses above.*

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

Set out below are the procedures through which you can apply for the Hong Kong Offer Shares electronically. The Company will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of the Company's Hong Kong Share Registrar and ***White Form eIPO*** *Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8600 on the following dates:*

Friday, 16 December 2022	–	*9:00 a.m. to 9:00 p.m.*
Saturday, 17 December 2022	–	*9:00 a.m. to 6:00 p.m.*
Sunday, 18 December 2022	–	*9:00 a.m. to 6:00 p.m.*
Monday, 19 December 2022	–	*9:00 a.m. to 9:00 p.m.*
Tuesday, 20 December 2022	–	*9:00 a.m. to 9:00 p.m.*
Wednesday, 21 December 2022	–	*9:00 a.m. to 12:00 noon.*

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**;

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

(i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

(ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Overall Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and a non-U.S. person (within the meaning of Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If an application is made by a person under a power of attorney, the Company and the Overall Coordinators, as the Company's agent, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules or any relevant waivers that have been granted by the Stock Exchange (details of the relevant waivers are set out in the section headed *"Waivers from Strict Compliance with the Listing Rules"*), you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares in the Company and/or any of the Company's subsidiaries;
- you are a director or chief executive of the Company and/or any of the Company's subsidiaries;
- you are a close associate of any of the above persons; or
- you have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

(a) have a valid Hong Kong identity card number; and

(b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus, you:

(a) undertake to execute all relevant documents and instruct and authorise the Company and/or the Overall Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Constitution;

(b) agree to comply with the Constitution, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Singapore Companies Act;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;

(e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(f) agree that none of the Company, the Relevant Persons and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

(g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

(h) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;

(i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither the Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong;

(l) represent, warrant and undertake that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States and a non-U.S. person (within the meaning of Regulation S);

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(o) authorise (i) the Company to place your name(s) or the name of HKSCC Nominees on the register of members of the Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Constitution of the Company and (ii) the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "– *Personal Collection*" below to collect the Share certificate(s) and/or refund cheque(s) in person;

(p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(q) understand that the Company, the Directors and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. Minimum Application Amount and Permitted Numbers

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 1,000 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

AustAsia Group Ltd. (HK$7.00 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
1,000	7,070.55	15,000	106,058.25	80,000	565,643.96	500,000	3,535,274.75
2,000	14,141.10	20,000	141,410.99	90,000	636,349.46	600,000	4,242,329.70
3,000	21,211.65	25,000	176,763.74	100,000	707,054.95	700,000	4,949,384.65
4,000	28,282.20	30,000	212,116.49	150,000	1,060,582.43	800,000	5,656,439.60
5,000	35,352.75	35,000	247,469.24	200,000	1,414,109.90	900,000	6,363,494.55
6,000	42,423.29	40,000	282,821.98	250,000	1,767,637.38	1,000,000	7,070,549.50
7,000	49,493.84	45,000	318,174.73	300,000	2,121,164.85	1,100,000	7,777,604.45
8,000	56,564.39	50,000	353,527.48	350,000	2,474,692.33	1,200,000	8,484,659.40
9,000	63,634.94	60,000	424,232.97	400,000	2,828,219.80	1,300,000	9,191,714.35
10,000	70,705.50	70,000	494,938.47	450,000	3,181,747.28	1,532,000(1)	10,832,081.84

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in "– *Who Can Apply*" above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the Company's Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited on the following dates:

Friday, 16 December 2022	–	9:00 a.m. to 9:00 p.m.
Saturday, 17 December 2022	–	9:00 a.m. to 6:00 p.m.
Sunday, 18 December 2022	–	9:00 a.m. to 6:00 p.m.
Monday, 19 December 2022	–	9:00 a.m. to 9:00 p.m.
Tuesday, 20 December 2022	–	9:00 a.m. to 9:00 p.m.
Wednesday, 21 December 2022	–	9:00 a.m. to 12:00 noon.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Friday, 16 December 2022 until 11:30 a.m. on Wednesday, 21 December 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 21 December 2022, the last day for applications, or such later time as described in "– *Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists*" below.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Commitment to Sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "AustAsia Group Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. Applying Through CCASS EIPO Service

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (**https://ip/ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for CCASS Investor Participants though HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Share Registrar.

Giving through CCASS EIPO Service

Where you have applied through **CCASS EIPO** service (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus; and

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as its agent;

- confirm that you understand that the Company, the Directors and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

- authorise the Company to place HKSCC Nominees' name on the register of members of the Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Constitution of the Company, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;

- agree that neither the Company nor the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by the Company;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Constitution of the Company, the Companies (WUMP) Ordinance and the Singapore Companies Act; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 16 December 2022	–	9:00 a.m. to 8:30 p.m.
Monday, 19 December 2022	–	8:00 a.m. to 8:30 p.m.
Tuesday, 20 December 2022	–	8:00 a.m. to 8:30 p.m.
Wednesday, 21 December 2022	–	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 16 December 2022 until 12:00 noon on Wednesday, 21 December 2022 (24 hours daily, except on Wednesday, 21 December 2022, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 21 December 2022, the last day for applications, or such later time as described in "– *Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists*" below.

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

(1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's register of members;
- verifying identities of the holders of the Shares;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from us and our subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge its or their obligations to holders of the Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and

- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in the section headed *"Corporate Information"* in this prospectus or as notified from time to time, for the attention of the Singapore company secretary or Hong Kong secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Company, the Relevant Persons and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through **CCASS EIPO** services or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to the CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 21 December 2022, the last day for applications, or such later time as described in "*– Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists*" below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an unlisted company makes an application and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The Maximum Offer Price is HK$7.00 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and AFRC transaction levy of 0.00015%. This means that for one board lot of 1,000 Hong Kong Offer Shares, you will pay HK$7,070.55.

You must pay the Maximum Offer Price, together with brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy, in full upon application for Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the section *"– 4. Minimum Application Amount and Permitted Numbers"* above.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy will be paid to the Stock Exchange (in the case of the SFC transaction levy and AFRC transaction levy, collected by the Stock Exchange on behalf of the SFC and AFRC respectively).

For further details on the Offer Price, see "*Structure of the Global Offering – Pricing and Allocation*".

C. EFFECT OF BAD WEATHER AND EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 21 December 2022. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 21 December 2022 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "*Expected Timetable*", an announcement will be made on the websites of the Company at **www.austasiadairy.com** and the Stock Exchange at **www.hkexnews.hk**.

D. PUBLICATION OF RESULTS

The Company expects to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Thursday, 29 December 2022 on the websites of the Company at **www.austasiadairy.com** and the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of the Company and the Stock Exchange at **www.austasiadairy.com** and **www.hkexnews.hk**, respectively, by no later than 9:00 a.m. on Thursday, 29 December 2022;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID function" on a 24 hour basis from 8:00 a.m. on Thursday, 29 December 2022 to 12:00 midnight on Wednesday, 4 January 2023; and

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Thursday, 29 December 2022 to Wednesday, 4 January 2023 (except Saturday, Sunday and Hong Kong Public Holiday).

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in "*Structure of the Global Offering*".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(a) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(i) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

(ii) if any supplement to this prospectus is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If the Company or its agents exercise their discretion to reject your application:

The Company, the Overall Coordinators, the **White Form eIPO** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- you apply for more than 1,532,000 Hong Kong Offer Shares, being 50% of the 3,064,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- the Company or the Overall Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- the Underwriting Agreements do not become unconditional or are terminated.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable thereon) paid on application, or if the conditions of the Global Offering as set out in "*Structure of the Global Offering – Conditions of the Global Offering*" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy, will be refunded, without interest.

Any refund of your application monies will be made on or before Thursday, 29 December 2022.

G. DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund cheques as mentioned below, any refund cheques and Share certificate(s) are expected to be posted on or before Thursday, 29 December 2022. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 30 December 2022, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Share on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

If you apply through White Form eIPO service:

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 29 December 2022, or any other place or date notified by the Company.

- If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 29 December 2022 by ordinary post and at your own risk.

- If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

If you apply through CCASS EIPO service:

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 29 December 2022 or on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card /passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "– *D. Publication of Results*" above on Thursday, 29 December 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 29 December 2022 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 29 December 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 29 December 2022.

H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report on the consolidated financial statements of the Group, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountant, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AUSTASIA GROUP LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND DBS ASIA CAPITAL LIMITED

Introduction

We report on the historical financial information of AustAsia Group Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-136, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021 and 30 June 2022 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-136 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 16 December 2022 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in Notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in Notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2019, 2020 and 2021 and 30 June 2022 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in Notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong

16 December 2022

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States dollars and all values are rounded to the nearest thousand (USD'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December									Six months ended 30 June					
		2019			2020			2021			2021			2022		
		Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000 (unaudited)*	*USD'000 (unaudited)*	*USD'000*	*USD'000*	*USD'000*
CONTINUING OPERATIONS																
REVENUE	5	351,505	–	351,505	404,792	–	404,792	521,921	–	521,921	241,166	–	241,166	278,291	–	278,291
Cost of sales		(233,858)	(117,674)	(351,532)	(254,700)	(149,985)	(404,685)	(343,851)	(175,533)	(519,384)	(162,842)	(77,354)	(240,196)	(209,920)	(67,240)	(277,160)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	22	–	108,128	108,128	–	128,253	128,253	–	153,770	153,770	–	70,352	70,352	–	65,959	65,959
Gains arising from changes in fair value less cost to sell of beef cattle	22	–	13,460	13,460	–	21,850	21,850	–	19,590	19,590	–	9,280	9,280	–	1,020	1,020
Gross profit		117,647	3,914	121,561	150,092	118	150,210	178,070	(2,173)	175,897	78,324	2,278	80,602	68,371	(261)	68,110
Other income and gains	5	4,951	–	4,951	5,930	–	5,930	13,968	–	13,968	10,098	–	10,098	4,058	–	4,058
Gains/(losses) arising from changes in fair value less costs to sell of other biological assets	22	–	(12,047)	(12,047)	–	(14,163)	(14,163)	–	(11,316)	(11,316)	–	16,727	16,727	–	1,971	1,971
Selling and distribution expenses		(4,193)	–	(4,193)	(632)	–	(632)	(540)	–	(540)	(234)	–	(234)	(158)	–	(158)
Administrative expenses		(16,394)	–	(16,394)	(24,173)	–	(24,173)	(43,028)	–	(43,028)	(17,025)	–	(17,025)	(25,283)	–	(25,283)
Impairment losses on financial assets		–	–	–	–	–	–	(4,900)	–	(4,900)	–	–	–	–	–	–
Other expenses	6	(4,716)	–	(4,716)	(3,374)	–	(3,374)	(1,440)	–	(1,440)	(563)	–	(563)	(3,384)	–	(3,384)
Finance costs	8	(14,405)	–	(14,405)	(13,605)	–	(13,605)	(21,635)	–	(21,635)	(8,711)	–	(8,711)	(14,413)	–	(14,413)

	Notes	Year ended 31 December									Six months ended 30 June					
		2019			2020			2021			2021			2022		
		Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000*	*USD'000*	*USD'000*
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*7*	82,890	(8,133)	74,757	114,238	(14,045)	100,193	120,495	(13,489)	107,006	61,889	19,005	80,894	29,191	1,710	30,901
Income tax expense	*11*	(127)	–	(127)	(1,114)	–	(1,114)	(2,434)	–	(2,434)	(851)	–	(851)	(1,059)	–	(1,059)
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		82,763	(8,133)	74,630	113,124	(14,045)	99,079	118,061	(13,489)	104,572	61,038	19,005	80,043	28,132	1,710	29,842
DISCONTINUED OPERATION																
Loss for the year/period from a discontinued operation	*12*	(9,417)	2,354	(7,063)	(2,770)	(469)	(3,239)	–	–	–	–	–	–	–	–	–
PROFIT FOR THE YEAR/PERIOD		73,346	(5,779)	67,567	110,354	(14,514)	95,840	118,061	(13,489)	104,572	61,038	19,005	80,043	28,132	1,710	29,842
Attributable to:																
Owners of the parent		73,346	(5,779)	67,567	110,354	(14,514)	95,840	118,061	(13,489)	104,572	61,038	19,005	80,043	28,132	1,710	29,842

	Notes	Year ended 31 December									Six months ended 30 June					
		2019			2020			2021			2021			2022		
		Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000*	*USD'000*	*USD'000*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*15*															
Basic																
– For profit for the year/period				USD0.20			USD0.29			USD0.31			USD0.24			USD0.09
– For profit from continuing operations				USD0.22			USD0.29			USD0.31			USD0.24			USD0.09
Diluted																
– For profit for the year/period				USD0.20			USD0.29			USD0.31			USD0.24			USD0.09
– For profit from continuing operations				USD0.22			USD0.29			USD0.31			USD0.24			USD0.09

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December									Six months ended 30 June					
	Notes	2019			2020			2021			2021			2022		
		Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000*	*USD'000*	*USD'000*
PROFIT FOR THE YEAR/PERIOD		73,346	(5,779)	67,567	110,354	(14,514)	95,840	118,061	(13,489)	104,572	61,038	19,005	80,043	28,132	1,710	29,842
OTHER COMPREHENSIVE INCOME/(LOSS)																
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:																
Exchange differences:																
Exchange differences on translation of foreign operations		(5,024)	–	(5,024)	34,212	–	34,212	17,238	–	17,238	6,686	–	6,686	(42,261)	–	(42,261)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		(5,024)	–	(5,024)	34,212	–	34,212	17,238	–	17,238	6,686	–	6,686	(42,261)	–	(42,261)

	Notes	Year ended 31 December									Six months ended 30 June					
		2019			2020			2021			2021			2022		
		Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
		USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000*	*USD'000*	*USD'000*
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:																
Defined benefits plan remeasurements		117	–	117	–	–	–	–	–	–	–	–	–	–	–	–
Equity investment designated at fair value through other comprehensive income:																
Changes in fair value		(6,298)	–	(6,298)	–	–	–	(417)	–	(417)	–	–	–	–	–	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(6,181)	–	(6,181)	–	–	–	(417)	–	(417)	–	–	–	–	–	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX		(11,205)	–	(11,205)	34,212	–	34,212	16,821	–	16,821	6,686	–	6,686	(42,261)	–	(42,261)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		62,141	(5,779)	56,362	144,566	(14,514)	130,052	134,882	(13,489)	121,393	67,724	19,005	86,729	(14,129)	1,710	(12,419)
Attributable to:																
Owners of the parent		62,141	(5,779)	56,362	144,566	(14,514)	130,052	134,882	(13,489)	121,393	67,724	19,005	86,729	(14,129)	1,710	(12,419)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	**2019**	**2020**	**2021**	**2022**
		USD'000	*USD'000*	*USD'000*	*USD'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*16*	308,514	295,252	416,358	408,662
Right-of-use assets	*17(a)*	51,435	47,256	161,201	172,059
Intangible assets	*18*	2,205	809	780	631
Biological assets	*22*	361,829	386,302	477,697	497,633
Equity investment designated at fair value through other comprehensive income	*14*	1,233	1,233	816	816
Deferred tax assets	*32*	1,187	–	–	–
Other long-term assets	*19*	1,575	2,805	8,071	6,905
Long-term receivable	*20*	13,151	16,407	11,855	12,028
Derivative financial instruments	*30*	25	–	–	–
Total non-current assets		741,154	750,064	1,076,778	1,098,734
CURRENT ASSETS					
Inventories	*21*	87,845	102,464	160,665	109,210
Biological assets	*22*	24,178	33,524	49,217	62,865
Trade receivables	*23*	52,050	36,094	46,600	41,273
Prepayments, other receivables and other assets	*24*	10,694	8,354	18,727	25,899
Cash and cash equivalents	*25*	51,204	43,317	22,145	47,155
Pledged deposits	*25*	3,435	1,622	1,103	885
Total current assets		229,406	225,375	298,457	287,287
CURRENT LIABILITIES					
Trade payables	*26*	85,987	54,942	79,640	75,345
Other payables and accruals	*27*	36,729	38,515	38,410	43,018
Share appreciation liability	*28*	–	1,307	4,587	771
Loans from a shareholder	*29*	4,000	2,200	6,300	6,300
Derivative financial instruments	*30*	996	3,947	–	–
Interest-bearing bank borrowings	*31*	88,373	70,787	65,556	109,982
Lease liabilities	*17(b)*	2,791	3,869	5,451	13,749
Deferred income		385	1,475	1,596	858
Tax payable		912	688	1,077	474
Total current liabilities		220,173	177,730	202,617	250,497

	Notes	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 June 2022
		USD'000	*USD'000*	*USD'000*	*USD'000*
NET CURRENT ASSETS		9,233	47,645	95,840	36,790
TOTAL ASSETS LESS CURRENT LIABILITIES		750,387	797,709	1,172,618	1,135,524
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*31*	124,120	71,854	202,422	166,431
Derivative financial instruments	*30*	1,859	–	–	–
Deferred tax liabilities	*32*	3,933	–	600	600
Deferred income		2,297	2,174	3,423	3,074
Lease liabilities	*17(b)*	45,121	46,466	145,705	152,398
Other payables and accruals	*27*	3,409	–	15,036	14,270
Share appreciation liability	*28*	–	2,206	–	–
Loans from a shareholder	*29*	4,100	23,340	19,240	19,240
Total non-current liabilities		184,839	146,040	386,426	356,013
Net assets		565,548	651,669	786,192	779,511
EQUITY					
Equity attributable to owners of the parent					
Share capital	*33*	443,767	308,502	308,502	308,502
Reserves	*35*	121,781	343,167	477,690	471,009
Total equity		565,548	651,669	786,192	779,511

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

		Attributable to owners of the parent								
	Notes	Share capital	Share option reserve	Statutory reserve	Foreign currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Defined benefits plan remeasurements, net of tax	Merger reserve	Retained profits	Total equity
		USD'000 *(Note 33)*	*USD'000* *(Note 34, 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000*	*USD'000* *(Note 35)*	*USD'000*	*USD'000*
At 1 January 2019		313,300	2,948	28,173	(48,340)	–	–	71,021	140,837	507,939
Profit for the year		–	–	–	–	–	–	–	67,567	67,567
Other comprehensive income/(loss) for the year:										
Defined benefits plan remeasurements, net of tax		–	–	–	–	–	117	–	–	117
Change in fair value of equity investment at fair value through other comprehensive income, net of tax		–	–	–	–	(6,298)	–	–	–	(6,298)
Exchange differences related to foreign operations		–	–	–	(5,024)	–	–	–	–	(5,024)
Total comprehensive income for the year		–	–	–	(5,024)	(6,298)	117	–	67,567	56,362
Issuance of shares to the holding company for acquisition of subsidiaries under common control		130,467	–	–	–	–	–	(130,467)	–	–
Equity-settled share option arrangements	*34*	–	1,247	–	–	–	–	–	–	1,247
Transfer to statutory reserve		–	–	9,131	–	–	–	–	(9,131)	–
At 31 December 2019		443,767	4,195	37,304	(53,364)	(6,298)	117	(59,446)	199,273	565,548

Year ended 31 December 2020

		Attributable to owners of the parent								
	Notes	**Share capital**	**Share option reserve**	**Statutory reserve**	**Foreign currency translation reserve**	**Fair value reserve of financial assets at fair value through other comprehensive income**	**Defined benefits plan remeasurements, net of tax**	**Merger reserve**	**Retained profits**	**Total equity**
		USD'000 *(Note 33)*	*USD'000* *(Note 34, 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000*	*USD'000* *(Note 35)*	*USD'000*	*USD'000*
At 1 January 2020		443,767	4,195	37,304	(53,364)	(6,298)	117	(59,446)	199,273	565,548
Profit for the year		–	–	–	–	–	–	–	95,840	95,840
Other comprehensive income for the year:										
Exchange differences related to foreign operations		–	–	–	34,212	–	–	–	–	34,212
Total comprehensive income for the year		–	–	–	34,212	–	–	–	95,840	130,052
Issuance of shares to the holding company for acquisition of a subsidiary under common control and settlement of liability		40,790	–	–	–	–	–	(26,430)	–	14,360
Capital reduction for disposal of subsidiaries under common control		(71,620)	–	–	25,015	–	–	(12,483)	–	(59,088)
Capital reduction to offset against the accumulated losses		(104,435)	–	–	–	–	–	–	104,435	–
Equity-settled share option arrangements	*34*	–	797	–	–	–	–	–	–	797
Transfer from retained profits to merger reserve		–	–	–	–	–	(117)	89,950	(89,833)	–
Transfer to statutory reserve		–	–	17,069	–	–	–	–	(17,069)	–
At 31 December 2020		308,502	4,992	54,373	5,863	(6,298)	–	(8,409)	292,646	651,669

Year ended 31 December 2021

	Notes	Share capital	Share option reserve	Statutory reserve	Foreign currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Merger reserve	Retained profits	Total equity
		Attributable to owners of the parent							
		USD'000 *(Note 33)*	*USD'000* *(Note 34, 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000* *(Note 35)*	*USD'000*	*USD'000*
At 1 January 2021		308,502	4,992	54,373	5,863	(6,298)	(8,409)	292,646	651,669
Profit for the year		–	–	–	–	–	–	104,572	104,572
Other comprehensive income/(loss) for the year:									
Change in fair value of equity investment at fair value through other comprehensive income, net of tax		–	–	–	–	(417)	–	–	(417)
Exchange differences related to foreign operations		–	–	–	17,238	–	–	–	17,238
Total comprehensive income for the year		–	–	–	17,238	(417)	–	104,572	121,393
Equity-settled share option arrangements	*34*	–	13,130	–	–	–	–	–	13,130
Transfer to statutory reserve		–	–	17,570	–	–	–	(17,570)	–
At 31 December 2021		308,502	18,122	71,943	23,101	(6,715)	(8,409)	379,648	786,192

Six months ended 30 June 2021

	Notes	Attributable to owners of the parent							
		Share capital	**Share option reserve**	**Statutory reserve**	**Foreign currency translation reserve**	**Fair value reserve of financial assets at fair value through other comprehensive income**	**Merger reserve**	**Retained profits**	**Total equity**
		USD'000 (Note 33)	*USD'000 (Note 34, 35)*	*USD'000 (Note 35)*	*USD'000 (Note 35)*	*USD'000 (Note 35)*	*USD'000 (Note 35)*	*USD'000*	*USD'000*
At 1 January 2021		308,502	4,992	54,373	5,863	(6,298)	(8,409)	292,646	651,669
Profit for the period (unaudited)		–	–	–	–	–	–	80,043	80,043
Other comprehensive income/(loss) for the period:									
Exchange differences related to foreign operations (unaudited)		–	–	–	6,686	–	–	–	6,686
Total comprehensive income for the period (unaudited)		–	–	–	6,686	–	–	80,043	86,729
Equity-settled share option arrangements (unaudited)	*34*	–	2,855	–	–	–	–	–	2,855
At 30 June 2021 (unaudited)		308,502	7,847	54,373	12,549	(6,298)	(8,409)	372,689	741,253

Six months ended 30 June 2022

		Attributable to owners of the parent							
	Notes	**Share capital**	**Share option reserve**	**Statutory reserve**	**Foreign currency translation reserve**	**Fair value reserve of financial assets at fair value through other comprehensive income**	**Merger reserve**	**Retained profits**	**Total equity**
		USD'000 (Note 33)	*USD'000 (Note 34, 35)*	*USD'000 (Note 35)*	*USD'000 (Note 35)*	*USD'000 (Note 35)*	*USD'000 (Note 35)*	*USD'000*	*USD'000*
At 1 January 2022		308,502	18,122	71,943	23,101	(6,715)	(8,409)	379,648	786,192
Profit for the period		–	–	–	–	–	–	29,842	29,842
Other comprehensive income for the period:									
Exchange differences related to foreign operations		–	–	–	(42,261)	–	–	–	(42,261)
Total comprehensive income for the period		–	–	–	(42,261)	–	–	29,842	(12,419)
Equity-settled share option arrangements	*34*	–	5,738	–	–	–	–	–	5,738
At 30 June 2022		308,502	23,860	71,943	(19,160)	(6,715)	(8,409)	409,490	779,511

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2019	2020	2021	Six months ended 30 June 2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax:		73,384	97,499	107,006	80,894	30,901
From continuing operations		74,757	100,193	107,006	80,894	30,901
From a discontinued operation	*12*	(1,373)	(2,694)	–	–	–
Adjustments for:						
Reversal of impairment of trade receivables	*23*	(71)	–	–	–	–
Impairment of long-term receivable	*20*	–	–	4,900	–	–
Gain on acquisition of a subsidiary	*36*	–	–	(7,163)	(7,163)	–
Provision for/(reversal of) allowance for inventory obsolescence		84	(15)	(5)	–	–
Amortisation of intangible assets	*18*	587	381	345	166	185
Depreciation of property, plant and equipment		20,072	16,302	18,692	8,632	10,488
Depreciation of right-of-use assets	*17*	2,472	2,221	2,828	1,143	2,069
Intangible assets written off	*18*	2	–	–	–	–
Net gain from changes in fair value of biological assets	*22*	(5,494)	(7,902)	(8,846)	(26,007)	(2,991)
Net (gain)/loss on derivative financial instruments		(458)	872	63	63	–
Finance costs	*8*	20,073	14,974	21,635	8,711	14,413
Interest income		(205)	(255)	(348)	(173)	(173)
Loss on disposal of items of property, plant and equipment		450	612	833	329	565
Provision for employee benefits		794	160	–	–	–
Share-based payments		1,403	4,914	14,205	5,811	6,864
Unrealised foreign currency loss/(gain)		8,744	(3,036)	51	51	–
Operating cash flows before changes in working capital		121,837	126,727	154,196	72,457	62,321
Increase in other long-term assets		(317)	(54)	–	–	–
Decrease/(increase) in inventories		(8,034)	(18,358)	(48,665)	26,132	42,970
Decrease/(increase) in trade receivables and prepayments, other receivables and other assets		898	(5,208)	(17,598)	(12,571)	(5,266)
(Decrease)/increase in trade payables and other payables and accruals		(1,693)	(21,455)	26,831	14,660	(2,176)
(Decrease)/increase in deferred income		(337)	739	1,271	(662)	2,510
Cash flows generated from operations		112,354	82,391	116,035	100,016	100,359
Income tax paid		(2,008)	(1,506)	(1,241)	(624)	(709)
Net cash flows from operating activities		110,346	80,885	114,794	99,392	99,650

	Notes	Year ended 31 December 2019	2020	2021	Six months ended 30 June 2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
CASH FLOWS USED IN INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(28,046)	(59,333)	(68,343)	(30,891)	(29,370)
Proceeds from disposal of items of property, plant and equipment		862	542	689	448	424
Proceeds from disposal of biological assets	*22*	63,947	75,150	92,030	44,444	43,463
Additions to intangible assets	*18*	(620)	(144)	(293)	(25)	(73)
Purchase capitalisation of biological assets		(88,591)	(97,673)	(132,745)	(68,803)	(88,587)
Disposal of subsidiaries	*12*	–	(2,304)	–	–	–
Acquisition of a subsidiary	*36*	–	–	(115,500)	(115,500)	–
Shareholder's loans to Food Union AustAsia Holdings Pte. Ltd.		–	(3,000)	–	–	–
New pledged deposits		(3,435)	(339)	(4)	(2)	(6)
Decrease in pledged deposits		–	2,152	523	495	224
Net cash flows used in investing activities		(55,883)	(84,949)	(223,643)	(169,834)	(73,925)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES						
Payments of IPO issue expenses		–	–	–	–	(289)
Loss on derivative financial instruments		–	–	(4,058)	(4,058)	–
Interest paid	*38*	(17,032)	(11,908)	(13,932)	(8,673)	(10,589)
Principal portion of lease payments	*16*	(4,516)	(4,989)	(14,379)	(5,839)	(6,528)
Repayment of interest-bearing bank borrowings		(79,611)	(122,601)	(147,432)	(66,964)	(37,254)
New interest-bearing bank borrowings		56,946	101,002	267,357	171,938	55,876
Proceeds from loans from a shareholder	*38*	4,000	31,800	–	–	–
Net cash flows from/(used in) financing activities		(40,213)	(6,696)	87,556	86,404	1,216
Net movement in cash and cash equivalents		14,250	(10,760)	(21,293)	15,962	26,941
Effect of exchange rate changes on cash and cash equivalents		(710)	2,873	121	455	(1,931)
Cash and cash equivalents at beginning of year/period		37,664	51,204	43,317	43,317	22,145
Cash and cash equivalents at end of year/period	*25*	51,204	43,317	22,145	59,734	47,155
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		54,639	44,939	23,248	60,863	48,040
Pledged deposits	*25*	(3,435)	(1,622)	(1,103)	(1,129)	(885)
Cash and cash equivalents as stated in the statements of cash flows	*25*	51,204	43,317	22,145	59,734	47,155

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Information about the statements of financial position of the Company at the end of each of the Relevant Periods is as follows:

		As at 31 December			As at 30 June
	Notes	**2019**	**2020**	**2021**	**2022**
		USD'000	*USD'000*	*USD'000*	*USD'000*
NON-CURRENT ASSETS					
Investments in subsidiaries		420,605	296,104	560,443	551,967
Equity investment designated at fair value through other comprehensive income	*14*	1,233	1,233	816	816
Long-term receivable	*20*	13,151	16,407	11,855	12,028
Total non-current assets		434,989	313,744	573,114	564,811
CURRENT ASSETS					
Prepayments, other receivables and other assets	*24*	4,608	2,877	34,773	25,325
Cash and cash equivalents		1,020	285	981	1,978
Total current assets		5,628	3,162	35,754	27,303
CURRENT LIABILITIES					
Other payables and accruals	*27*	92	2,280	220,100	216,453
Loans from a shareholder	*29*	4,000	2,200	6,300	6,300
Interest-bearing bank borrowings	*31*	–	–	23,532	30,256
Tax payable		24	13	5	5
Total current liabilities		4,116	4,493	249,937	253,014
NET CURRENT ASSETS/(LIABILITIES)		1,512	(1,331)	(214,183)	(225,711)
TOTAL ASSETS LESS CURRENT LIABILITIES		436,501	312,413	358,931	339,100
NON-CURRENT LIABILITIES					
Other payables and accruals	*27*	–	2,206	–	–
Interest-bearing bank borrowings	*31*	–	–	41,836	25,729
Deferred tax liabilities		–	–	600	600
Loans from a shareholder	*29*	4,100	4,100	–	–
Total non-current liabilities		4,100	6,306	42,436	26,329
Net assets		432,401	306,107	316,495	312,771
EQUITY					
Share capital	*37(A)*	443,767	308,502	308,502	308,502
Reserves	*37(A)*	(11,366)	(2,395)	7,993	4,269
Total equity		432,401	306,107	316,495	312,771

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. Corporate and Group Information

AustAsia Group Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore. The registered office and the principal place of business of the Company is located at 391B Orchard Road, Singapore 238874. The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in the production and sales of raw milk, sales of beef cattle and sales of milk products in the People's Republic of China ("PRC").

In the opinion of the directors, the immediate holding company of the Company is Japfa Ltd., a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited, and the ultimate holding companies of the Company are Rangi Management Limited and Fusion Investment Holdings Limited, both of which are incorporated and domiciled in the British Virgin Islands.

Information about subsidiaries

As at the date of the report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dongying AustAsia Modern Dairy Farm Co., Ltd *(Note (a))*	Shandong, PRC	USD35,000,000	–	100	Production and sales of raw milk
Tai'an AustAsia Modern Dairy Farm Co., Ltd *(Note (a))*	Shandong, PRC	USD30,000,000	–	100	Production and sales of raw milk
Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd *(Note (a))*	Shandong, PRC	USD25,000,000	–	100	Production and sales of raw milk
Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd *(Note (a))*	Shandong, PRC	USD40,000,000	–	100	Production and sales of raw milk
Dongying AustAsia Beef Co., Ltd *(Note (a))*	Shandong, PRC	USD26,430,000	–	100	Production and sales of beef cattle
Shanghai AustAsia Food Co., Ltd *(Note (a))*	Shanghai, PRC	USD3,000,000	–	100	Trading, wholesale and distribution of milk products

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
AIH2 Pte. Ltd. *(Note (b))*	Singapore	USD127,927,000	100	–	Investment holding
Chifeng AustAsia Modern Dairy Farm Co., Ltd *(Note (a))*	Inner Mongolia, PRC	USD85,600,000	–	100	Production and sales of raw milk
Falcon Dairy Holdings Limited *(Note (d))*	Hong Kong	USD240,100,000	100	–	Investment holding
Pure Source Dairy Farm Co., Ltd *(Note (c))*	Shandong, PRC	USD187,000,000	–	100	Production and sales of raw milk
Shandong AustAsia Feed Technology Co., Ltd. *(Note (c))*	Shandong, PRC	USD12,000,000	–	100	Production and sales of feeding additives

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2019, 2020 and 2021 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Ernst & Young Hua Ming LLP Dalian Branch, certified public accountants registered in the PRC.

(b) The statutory financial statements of this entity for the years ended 31 December 2019, 2020 and 2021 prepared under Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards ("FRSs") were audited by Ernst & Young LLP, Singapore.

(c) The statutory financial statements of these entities for the year ended 31 December 2021 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Ernst & Young Hua Ming LLP Dalian Branch, certified public accountants registered in the PRC.

(d) The statutory financial statements of this entity for the year ended 31 December 2021 prepared under Hong Kong Financial Reporting Standards ("HKFRS") were audited by Ernst & Young, Hong Kong.

2.1 Basis of Presentation

In December 2018, the Company entered into a share purchase agreement with Japfa Ltd., its immediate holding company, to acquire 100% equity interests of AIH2 Pte. Ltd. ("AIH2") for an aggregate consideration of USD130,467,484 settled by the issuance of 88,864,820 new ordinary shares. AIH2 was set up by Black River Capital Partners Fund (Food) LP and Japfa Ltd. with a capital injection of USD56,258,791 in 2014, which is principally engaged in investing its subsidiary Chifeng AustAsia Modern Dairy Farm Co., Ltd, which is engaged in the production and sales of raw milk. The acquisition of AIH2 was made as part of the Group's strategy to support its business. The acquisition was consummated in January 2019.

In April 2020, the Company entered into a share purchase agreement with Japfa China Investments Pte Ltd, a subsidiary fully controlled by Japfa Ltd. to acquire 100% equity interests of Dongying AustAsia Beef Co., Ltd ("DYAB") at an aggregate consideration of USD26,430,000 settled by the issuance of

18,878,573 new ordinary shares. DYAB was set up by Japfa China Investments Pte Ltd with a capital injection of USD10,000,000 in 2013, which is principally engaged in raising and selling beef cattle. The acquisition of DYAB was made as part of the Group's strategy to support its business. The acquisition was consummated in April 2020.

Since the Group, AIH2 and DYAB are under common control of Japfa Ltd., the Group's acquisitions of AIH2 and DYAB had been accounted for as a combination of entities under common control with the pooling of interest method applied as if such acquisition had been completed at the date when the Group, AIH2 and DYAB became under the common control of the ultimate holding company. The assets and liabilities of AIH2 and DYAB were included using the existing book values from the ultimate holding company's perspective. No adjustments were made to reflect the fair value or recognize any new assets or liabilities as a result of such acquisitions. The results and cash flows of AIH2 and DYAB were included since the date when AIH2, DYAB and the Group became under common control of the ultimate holding company. The contribution from the ultimate holding company to AIH2 and DYAB and the consideration paid for the acquisitions of AIH2 and DYAB were accounted for as an equity transaction in the merger reserve in the consolidated statements of changes in equity.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 Basis of Preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB").

All IFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for derivative financial instruments, biological assets and equity investment designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in United States Dollars ("USD") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Issued But Not Yet Effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[1]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] No mandatory effective date yet determined but available for adoption

[3] As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Except as described below, other standards are not applicable to the Group's financial performance and consolidated financial position and/or on the disclosure in future consolidated financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 Summary of Significant Accounting Policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Fair value measurement

The Group measures its derivative financial instruments, biological assets and equity investment designated at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and biological assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the assets or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss and other comprehensive income in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and site facilities	4.5%-5%
Machinery and equipment	9%-10%
Office furniture and fixtures	18%-20%
Motor vehicles	18%-20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks

The trademarks are stated at cost and are amortised on a straight-line basis over their finite useful life of 10 years. The useful life of trademarks was determined by the management's best estimate with reference to the expiry dates of trademarks.

Software

Software was acquired separately and is amortised on a straight-line basis over its finite useful lives of 5 years.

Biological assets

Biological assets are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in profit or loss for the period in which it arises. Biological assets comprise dairy cows, beef cattle and forage plants.

Dairy cows and beef cattle

Dairy cows, including milkable cows, heifers and calves, and beef cattle, are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss for the period in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs and excluding finance costs and income taxes.

The fair value is determined based on their present location and condition and is determined independently by professional valuers. The fair value of heifers and calves and beef cattle for which there are active markets is determined by reference to the quoted market prices. For milkable cows for which there is no active market, fair value is determined by valuation techniques, for example discounted cash flow techniques, etc.

The feeding costs and other related costs including the depreciation charge, utility costs and consumables incurred for the raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

Forage plants

The immature corn and sorghum plantation costs consist of field preparation, planting, fertilising and maintenance and an allocation of other related cost. In general, a corn plantation and a sorghum plantation take about six months to reach maturity from the time the seedings are planted.

Plantations in initial stages of growth are stated at cost as market-determined prices or values are not available.

Plantations close to harvest and the harvested product of the Group's wet corn and sorghum are measured at fair value less estimated point-of sale costs. The fair value was determined based on the actual selling prices in the local market at the point of harvest less estimated point-of sale costs.

Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and the change in fair value less costs to sell of plantations at each reporting date are included in the statement of profit or loss for the period in which they arise.

Upon harvest, the forage plants are transferred to inventories for feeding the dairy cows and beef cattle.

Agricultural produce

Agricultural produce represents raw milk harvested from the Group's biological assets. Raw milk is recognised at the point of harvest at its fair value less costs to sell. A gain or loss arising from agricultural produce at the point of harvest measuring at fair value less costs to sell is included in profit or loss for the period in which it arises.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	3 to 50 years
Buildings and site facilities	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investment)

Upon initial recognition, the Group can elect to classify irrevocably its equity investment as equity investment designated at fair value through other comprehensive income when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss and other comprehensive income. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investment designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income.

Current versus non-current classification

Derivative instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows). Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

Inventories

Inventories mainly include raw materials, low-value consumables and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within six months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sales of raw milk

Revenue from these sales is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

(b) Sales of beef cattle

Revenue from sales of beef cattle is recognised when the beef cattle are collected by customers.

(c) Sales of milk products

The Group sells milk products to distributors and end customers (collectively as "customers"). Revenue from sales of these products is recognised when the goods have been delivered to customers.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates several share-based incentive plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions") and cash ("cash-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 34 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The cost of cash-settled transactions is measured initially at fair value at the grant date, taking into account the terms and conditions upon which the instruments were granted, further details of which are given in Note 34 to the Historical Financial Information. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognised for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The liability is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Other employee benefits

Pension schemes

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The Singapore, Malaysia and Hong Kong companies in the Group make contributions to the Central Provident Fund scheme in Singapore, the Employee Provident Fund in Malaysia and the Hong Kong Mandatory Provident Funds Schemes in Hong Kong respectively, a defined contribution pension scheme.

The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme, and contributions paid to the defined contribution pension scheme for an employee are not available to reduce the Group's future obligations to such defined contribution pension plans even if the employee leaves.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Indonesia defined benefit plans

A subsidiary in Indonesia provides post employment benefits in accordance with Indonesia Law No. 13/2003 dated 25 March 2003. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Defined benefit costs comprise the following:

– Service cost

– Net interest expense or income

– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses or non-routine settlements are recognised as expenses in the statement of profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Past service costs are recognised in profit or loss at the earlier of:

– the date of the plan amendment or curtailment; and

– the date that the Group recognises restructuring-related costs

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expenses or income in the statement of profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained profits within equity and are not reclassified to profit or loss in subsequent periods.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. No dividends were made to shareholders during the Relevant Periods.

Foreign currencies

These financial statements are presented in USD, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the USD. As at the end of the reporting period, the assets and liabilities of these entities are translated into USD at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into USD at the average exchange rates for the period during which the transactions occur.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of fair value of dairy cows and beef cattle

The Group's dairy cows and beef cattle are measured at fair value less costs to sell. The fair value of dairy cows and beef cattle is determined based on either the market-determined prices as at the end of each reporting period adjusted with reference to the species, age, growing condition, cost incurred and expected yield of the milk to reflect differences in characteristics and/or stages of growth of dairy cows; or the present value of expected net cash flows from the dairy cows and beef cattle discounted at a current market-determined rate, when market-determined prices are unavailable. Any changes in the estimates may affect the fair value of the dairy cows and beef cattle significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in fair value of dairy cows and beef cattle. Further details are given in Note 22 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted equity investment

The unlisted equity investment has been valued based on a market-based valuation technique as detailed in Note 44 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of the investment as Level 3. The fair values of the unlisted equity investment were USD1,233,000, USD1,233,000, USD816,000 and USD816,000 at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively. Further details are included in Note 14 to the Historical Financial Information.

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows: (1) Raw milk business for the production and sales of raw milk (2) Beef cattle business for raising and sales of beef cattle; and (3) Ancillary business for sales of milk products and others.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that other income and expenses, non-lease-related finance costs from the Group's financial instruments as well as head office or corporate administrative expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2019

	Raw milk	**Beef cattle**	**Ancillary**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Segment revenue *(Note 5)*				
Sales to external customers	315,586	22,236	13,683	351,505
Intersegment sales	7,565	–	–	7,565
	323,151	22,236	13,683	359,070
Elimination of intersegment sales				(7,565)
Revenue from continuing operations				351,505
Segment results	93,816	12,472	(4,231)	102,057
Finance costs (other than interest on lease liabilities)				(11,231)
Unallocated corporate and administrative expenses				(16,304)
Unallocated other income and expenses				235
Profit before tax from continuing operations				74,757

Year ended 31 December 2020

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Segment revenue *(Note 5)*				
Sales to external customers	349,834	43,003	11,955	404,792
Intersegment sales	7,423	–	–	7,423
	357,257	43,003	11,955	412,215
Elimination of intersegment sales				(7,423)
Revenue from continuing operations				404,792
Segment results	111,929	20,850	(507)	132,272
Finance costs (other than interest on lease liabilities)				(10,429)
Unallocated corporate and administrative expenses				(24,206)
Unallocated other income and expenses				2,556
Profit before tax from continuing operations				100,193

Year ended 31 December 2021

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Segment revenue *(Note 5)*				
Sales to external customers	438,038	50,500	33,383	521,921
Intersegment sales	21,295	–	–	21,295
	459,333	50,500	33,383	543,216
Elimination of intersegment sales				(21,295)
Revenue from continuing operations				521,921
Segment results	137,574	18,370	2,001	157,945
Finance costs (other than interest on lease liabilities)				(15,534)
Unallocated corporate and administrative expenses				(47,933)
Unallocated other income and expenses				12,528
Profit before tax from continuing operations				107,006

Six months ended 30 June 2021

	Raw milk	Beef cattle	Ancillary	Total
	USD'000 *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*
Segment revenue *(Note 5)*				
Sales to external customers	202,982	24,612	13,572	241,166
Intersegment sales	9,462	–	–	9,462
	212,444	24,612	13,572	250,628
Elimination of intersegment sales				(9,462)
Revenue from continuing operations				241,166
Segment results	85,601	8,921	735	95,257
Finance costs (other than interest on lease liabilities)				(6,873)
Unallocated corporate and administrative expenses				(17,025)
Unallocated other income and expenses				9,535
Profit before tax from continuing operations				80,894

Six months ended 30 June 2022

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Segment revenue *(Note 5)*				
Sales to external customers	242,302	25,037	10,952	278,291
Intersegment sales	5,789	–	–	5,789
	248,091	25,037	10,952	284,080
Elimination of intersegment sales				(5,789)
Revenue from continuing operations				278,291
Segment results	63,996	657	973	65,626
Finance costs (other than interest on lease liabilities)				(10,116)
Unallocated corporate and administrative expenses				(25,283)
Unallocated other income and expenses				674
Profit before tax from continuing operations				30,901

Segment assets and liabilities

The chief operating decision maker makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the chief operating decision maker does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

Year ended 31 December 2019

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Amounts included in the measure of segment results:				
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	108,128	–	–	108,128
Gains arising from changes in fair value less cost to sell of beef cattle	–	13,460	–	13,460
Losses arising from changes in fair value less costs to sell of other biological assets	11,715	332	–	12,047
Depreciation and amortisation charged to profit or loss	14,213	1,243	100	15,556
Impairment loss on inventories	74	–	16	90
Interest on lease liabilities	2,516	656	2	3,174
Selling and distribution expenses	7	–	4,186	4,193
Capital expenditure	87,433	21,917	6	109,356

Year ended 31 December 2020

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Amounts included in the measure of segment results:				
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	128,253	–	–	128,253
Gains arising from changes in fair value less cost to sell of beef cattle	–	21,850	–	21,850
Losses arising from changes in fair value less costs to sell of other biological assets	13,839	324	–	14,163
Depreciation and amortisation charged to profit or loss	15,065	1,865	100	17,030
Reversal of impairment on inventories	17	–	16	33
Interest on lease liabilities	2,498	676	2	3,176
Selling and distribution expenses	4	–	628	632
Capital expenditure	152,415	22,920	107	175,442

Year ended 31 December 2021

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Amounts included in the measure of segment results:				
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	153,770	–	–	153,770
Gains arising from changes in fair value less cost to sell of beef cattle	–	19,590	–	19,590
Losses arising from changes in fair value less costs to sell of other biological assets	10,829	487	–	11,316
Impairment loss on other receivables, net	–	–	4,900	4,900
Depreciation and amortisation charged to profit or loss	19,636	2,036	193	21,865
Reversal of impairment on inventories	–	–	5	5
Interest on lease liabilities	5,366	733	2	6,101
Selling and distribution expenses	1	–	539	540
Capital expenditure	402,673	41,966	2,253	446,892

Six months ended 30 June 2021

	Raw milk	Beef cattle	Ancillary	Total
	USD'000 *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*
Amounts included in the measure of segment results:				
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	70,352	–	–	70,352
Gains arising from changes in fair value less cost to sell of beef cattle	–	9,280	–	9,280
Gains arising from changes in fair value less costs to sell of other biological assets	16,727	–	–	16,727
Depreciation and amortisation charged to profit or loss	8,869	1,016	56	9,941
Interest on lease liabilities	1,478	359	1	1,838
Selling and distribution expenses	–	–	234	234
Capital expenditure	294,284	27,308	1	321,593

Six months ended 30 June 2022

	Raw milk	Beef cattle	Ancillary	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Amounts included in the measure of segment results:				
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	65,959	–	–	65,959
Gains arising from changes in fair value less cost to sell of beef cattle	–	1,020	–	1,020
Gains arising from changes in fair value less costs to sell of other biological assets	1,971	–	–	1,971
Depreciation and amortisation charged to profit or loss	11,267	1,393	82	12,742
Interest on lease liabilities	3,934	363	–	4,297
Selling and distribution expenses	–	–	158	158
Capital expenditure	125,340	29,004	5,946	160,290

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* (unaudited)	*USD'000*
Mainland China	351,505	404,792	521,921	241,166	278,291

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Mainland China	612,220	732,424	1,064,107	1,085,890
Indonesia	112,389	–	–	–
Other countries/regions	949	–	–	–
	725,558	732,424	1,064,107	1,085,890

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

The breakdown of major customers with revenue transactions of over 10% of the Group's revenue from continuing operations during the Relevant Periods is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Customer A	193,012	95,599	N/A*	N/A*	N/A*
Customer B	35,458	96,450	110,919	49,730	49,725
Customer C	N/A*	51,136	142,762	70,442	65,700
Customer D	N/A*	N/A*	N/A*	N/A*	32,410
	228,470	243,185	253,681	120,172	147,835

* The corresponding revenue did not contribute over 10% of the Group's revenue from continuing operations during the Relevant Periods.

5. Revenue, Other Income and Gains

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Revenue from contracts with customers					
Sales of raw milk	315,586	349,834	438,038	202,982	242,302
Sales of beef cattle	22,236	43,003	50,500	24,612	25,037
Sales of milk products	13,683	11,955	33,383	13,572	10,952
	351,505	404,792	521,921	241,166	278,291
Timing of revenue recognition					
At a point in time	351,505	404,792	521,921	241,166	278,291

Performance obligations

The Group sells raw milk to dairy product manufacturers, beef cattle to food processing companies and milk products to cafes and other end customers, etc. For sales of raw milk and milk products to its customers, revenue is recognised when control of the goods has been transferred, being at the point the customer received the goods and accepted the quality. For sales of beef cattle to its customers, revenue is recognised upon the acceptance by customers. Payment of the transaction price is determined based on market price. The credit term is normally 30 days upon the invoice date for raw milk customers and 30 to 45 days upon the invoice date for milk products customers, and no credit is provided for beef cattle customers.

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Other income and gains					
Gain from bargain purchase *(Note 36)*	–	–	7,163	7,163	–
Government grants	2,541	2,491	2,847	1,327	1,998
Insurance claims	1,504	2,848	1,596	656	761
Foreign exchange gain, net *(Note 7)*	–	–	822	182	–
Technical service fee	–	–	776	387	633
Fair value gains on derivative financial instruments	458	–	–	–	–
Interest income	337	472	611	320	249
Scrap sales	83	78	97	55	64
Others	28	41	56	8	353
Total	4,951	5,930	13,968	10,098	4,058

Transaction price allocated to the remaining performance obligation

In most of sales contracts, the amount of consideration that the Group has a right to invoice corresponds directly with the value to the customer of each incremental good that the Group transfers to the customer. As permitted by IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

6. Other Expenses

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Foreign exchange losses, net *(Note 7)*	3,865	1,606	–	–	2,142
Fair value losses on derivative financial instruments	–	872	63	63	–
Loss on disposal of property, plant and equipment	426	621	833	329	565
Loss from scrap sale	207	113	230	50	280
Others	218	162	314	121	397
Total	4,716	3,374	1,440	563	3,384

7. Profit Before Tax

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

		Year ended 31 December			Six months ended 30 June	
	Note	2019	2020	2021	2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Costs of sales of raw milk		315,586	349,834	438,038	202,982	242,302
Costs of sales of beef cattle		22,236	43,003	50,500	24,612	25,037
Costs of sales of milk products		13,710	11,848	30,846	12,602	9,821
Cost of sales		351,532	404,685	519,384	240,196	277,160
Depreciation of property, plant and equipment		23,723	25,092	33,406	15,205	18,916
Less: Capitalised in biological assets		10,441	10,493	14,714	6,573	8,428

	Note	Year ended 31 December			Six months ended 30 June	
		2019	2020	2021	2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Depreciation charged to profit or loss		13,282	14,599	18,692	8,632	10,488
Depreciation of right-of-use assets		3,230	3,562	8,299	3,089	6,412
Less: Capitalised in biological assets		1,281	1,442	5,471	1,946	4,343
Depreciation charged to profit or loss		1,949	2,120	2,828	1,143	2,069
Amortisation of intangible assets		325	311	345	166	185
Lease payments not included in the measurement of lease liabilities		1,754	1,550	1,733	1,453	1,933
Auditors' remuneration		379	397	750	375	783
Losses/(gains) arising from changes in fair value less costs to sell of other biological assets	*22*	12,047	14,163	11,316	(16,727)	(1,971)
Employee benefit expenses (including directors and chief executive's remuneration):						
Wages and salaries		23,236	21,420	33,357	14,929	17,566
Pension scheme contributions		5,210	3,687	8,016	3,616	4,021
Share-based payment expenses		897	4,927	16,037	5,811	6,864
		29,343	30,034	57,410	24,356	28,451
Foreign exchange differences, net		3,865	1,606	(822)	(182)	2,142

8. Finance Costs

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Interest on bank loans	10,879	9,159	13,384	5,778	9,183
Interest on shareholder's loans	329	926	1,447	700	615
Interest on lease liabilities	3,174	3,176	6,101	1,838	4,297
Interest on contract liabilities	23	344	703	395	318
	14,405	13,605	21,635	8,711	14,413

9. Directors' and Chief Executive's Remuneration

The remuneration of the Company's directors and chief executive during the Relevant Periods is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, pension scheme contributions, housing benefits, other allowances and benefits in kind	588	1,553	2,187	882	1,238
Performance related bonus	247	429	612	–	–
Share-based payment expenses	143	3,692	15,026	3,979	6,332
	978	5,674	17,825	4,861	7,570

During the Relevant Periods, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in Note 34 to the Historical Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive director

The fees paid to independent non-executive director during the Relevant Periods were as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Chang Pan, Peter*	–	–	–	–	–
	–	–	–	–	–

* Chang Pan, Peter was appointed on 5 August 2020.

There were no other emoluments payable to the independent non-executive director during the Relevant Periods.

(b) Executive directors and the chief executive

2019

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total remuneration
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors:						
Handojo Santosa @KangKiemHan*	–	–	–	–	–	–
Tan Yong Nang	–	–	–	–	–	–
Edgar Dowse Collins	–	588	247	143	–	978
Non-executive director:						
Nil	–	–	–	–	–	–
	–	588	247	143	–	978

* Handojo Santosa @KangKiemHan resigned on 5 August 2020.

2020

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total remuneration
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors:						
Tan Yong Nang	–	620	–	1,579	–	2,199
Edgar Dowse Collins	–	585	182	1,480	–	2,247
Yang Ku*	–	348	247	633	–	1,228
Non-executive director:						
Hirata Toshiyuki*	–	–	–	–	–	–
	–	1,553	429	3,692	–	5,674

* Yang Ku was appointed on 5 August 2020.

* Hirata Toshiyuki was appointed on 3 July 2020.

2021

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total remuneration
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors:						
Tan Yong Nang	–	820	–	6,893	–	7,713
Edgar Dowse Collins	–	637	346	5,827	–	6,810
Yang Ku	–	398	266	2,306	–	2,970
Gao Lina*	–	332	–	–	–	332
Non-executive director:						
Hirata Toshiyuki	–	–	–	–	–	–
	–	2,187	612	15,026	–	17,825

* Gao Lina was appointed on 22 December 2021.

Six months ended 30 June 2021

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total remuneration
	USD'000 *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*
Executive directors:						
Tan Yong Nang	–	378	–	1,624	–	2,002
Edgar Dowse Collins	–	305	–	1,630	–	1,935
Yang Ku	–	199	–	725	–	924
Non-executive director:						
Hirata Toshiyuki	–	–	–	–	–	–
	–	882	–	3,979	–	4,861

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

Six months ended 30 June 2022

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total remuneration
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors:						
Tan Yong Nang	–	368	–	2,832	–	3,200
Edgar Dowse Collins	–	305	–	2,469	–	2,774
Yang Ku	–	211	–	1,012	–	1,223
Gao Lina	–	354	–	19	–	373
Non-executive director:						
Hirata Toshiyuki	–	–	–	–	–	–
	–	1,238	–	6,332	–	7,570

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

10. Five Highest Paid Employees

The five highest paid employees of the Group included 1, 3, 4, 3 and 3 directors for the years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2021 and 2022, respectively, whose emoluments are included in the disclosure above. The emoluments of the remaining 4, 2, 1, 2 and 2 individuals for the Relevant Periods, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Salaries, allowances and benefits in kind	1,192	542	328	243	402
Performance related bonus	376	157	63	–	–
Share-based payment expenses	90	63	–	91	59
	1,658	762	391	334	461

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
				(unaudited)	
Nil to USD1,000,000	4	2	1	2	2
USD1,000,001 to USD1,500,000	–	–	–	–	–
USD1,500,001 to USD2,000,000	–	–	–	–	–
	4	2	1	2	2

During the Relevant Periods, share options were granted to the highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 34 to the Historical Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above disclosures.

11. Income Tax

	Notes	Year ended 31 December			Six months ended 30 June	
		2019	2020	2021	2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Current income tax charge for the year		85	39	37	23	123
Overprovision in prior years		–	(12)	(10)	(10)	2
Foreign withholding tax	*(b)*	42	1,087	1,807	838	934
Deferred income tax *(Note 32)*	*(a)*	–	–	600	–	–
Total tax charge for the year from continuing operations		127	1,114	2,434	851	1,059
Total tax charge for the year from a discontinued operation		5,690	545	–	–	–
		5,817	1,659	2,434	851	1,059

A reconciliation of the tax expense applicable to profit before tax using the statutory rates to the tax expenses per the consolidated statements of profit or loss at the effective tax rate is as follows:

	Notes	Year ended 31 December			Six months ended 30 June	
		2019	2020	2021	2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Profit before tax		73,384	97,499	107,006	80,894	30,901
Tax at the statutory rates to profits in countries where the company operates	*(c)*	17,918	24,955	27,022	19,788	6,858
Income not subject to tax	*(d)*	(18,573)	(25,501)	(31,228)	(20,567)	(9,311)
Non-deductible expenses		856	154	4,435	832	2,650
Tax losses utilised from previous periods		–	–	(192)	(30)	(104)
Tax losses not recognised		3,905	558	–	–	30
Overprovision of taxation in prior years		–	(12)	(10)	(10)	2
Deferred income tax	*(a)*	–	–	600	–	–
Foreign withholding tax	*(b)*	1,711	1,505	1,807	838	934
		5,817	1,659	2,434	851	1,059

Notes:

(a) During the year ended 31 December 2021, the Group recognized withholding tax of USD600,000 in relation to the dividends declared by its subsidiaries in Mainland China at a tax rate of 5%.

(b) Foreign withholding tax mainly represents the withholding enterprise income tax when the subsidiaries in Mainland China paid the royalty fees to the Company and the withholding enterprise income tax rate is 10% during the Relevant Periods.

(c) The tax charge represents income tax in Mainland China, Singapore, Hong Kong, Malaysia and Indonesia, which is calculated at the prevailing tax rate on the taxable income of the subsidiaries established in these countries and regions. The statutory tax rates are as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
Singapore	17%	17%	17%	17%	17%
Hong Kong	16.5%	16.5%	16.5%	16.5%	16.5%
Malaysia	24%	24%	NA	NA	NA
Indonesia	25%	25%	NA	NA	NA
Mainland China	25%	25%	25%	25%	25%

(d) The PRC subsidiaries are subject to the law of the PRC Enterprise Income Tax (the "EIT Law") at 25% for the Relevant Periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. According to the prevailing tax rules and regulation of the EIT Law, certain subsidiaries of the Group in the PRC are exempted from enterprise income tax for taxable profit from the operation of agricultural business in the PRC for the Relevant Periods.

12. Discontinued Operation

On 2 April 2020, the Group restructured its dairy business by disposing of the entire interest in its South East Asia business (collectively as "GDS") to its holding company, Japfa Ltd. GDS includes the following entities:

(a) PT Greenfield Indonesia

(b) PT Greenfields Dairy Indonesia (formerly known as PT AustAsia Food)

(c) Greenfields Dairy Singapore Pte. Ltd. (formerly known as AustAsia Food Pte. Ltd.)

(d) Greenfields Dairy Malaysia Sdn. Bhd. (formerly known as AustAsia Food (M) Sdn. Bhd.)

(e) Greenfields Dairy Hong Kong Limited (formerly known as AustAsia Food HK Limited)

During the Relevant Periods, GDS was classified as a discontinued operation and the business is not included in the note for operating segment information. The consideration amounting to USD71,620,000 was settled via capital reduction in the Company's share capital during the year of 2020 as further detailed in Note 33 to the Historical Financial Information and this transaction was accounted for as a distribution to the holding company.

The results of GDS for the year ended 31 December 2019 and the period from 1 January 2020 to the date of disposal are presented below:

	2019	Period from 1 January 2020 to 2 April 2020
	USD'000	*USD'000*
DISCONTINUED OPERATION		
REVENUE	93,093	24,599
Cost of sales	(65,479)	(15,582)
Gross profit	27,614	9,017
Other income and gains	1,332	11
Gains/(losses) arising from changes in fair value less costs to sell of biological assets	2,354	(469)
Selling and distribution expenses	(17,941)	(4,509)
Administrative expenses	(8,966)	(2,232)
Other expenses	(98)	(3,143)
Finance costs	(5,668)	(1,369)
LOSS BEFORE TAX FROM THE DISCONTINUED OPERATION	(1,373)	(2,694)
Income tax expense	(5,690)	(545)
LOSS FOR THE YEAR/PERIOD FROM THE DISCONTINUED OPERATION	(7,063)	(3,239)

The major classes of assets and liabilities of GDS as at the date of disposal are as follows:

	Note	2 April 2020
		USD'000
Net assets of disposed subsidiaries:		
Property, plant and equipment		59,341
Cash and bank balances		2,304
Trade receivables		19,226
Right-of-use assets		7,584
Intangible assets		1,209
Biological assets		27,436
Deferred tax assets		301
Inventories		10,626
Prepayments, other receivables and other assets		6,286
Other long-term assets		1,421
Loans to subsidiaries		24,950
Trade payables		(6,253)
Other payables and accruals		(44,197)
Interest-bearing bank borrowings		(47,090)
Lease liabilities		(103)
Tax payable		(687)
Deferred tax liabilities		(2,660)
Net assets of the disposed subsidiaries		59,694
Foreign currency translation reserve		25,015
Share-based payment reserve		(606)
Loss on the disposal	35(c)_iii	(12,483)
Consideration		71,620
Satisfied by: Reduction of share capital		(71,620)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of GDS is as follows:

	2 April 2020
	USD'000
Cash consideration	–
Cash and bank balances of disposed subsidiaries	(2,304)
Net outflow of cash and cash equivalents in respect of the disposal	(2,304)

The net cash flow incurred by GDS for the year ended 31 December 2019 and the period from 1 January 2020 to the date of disposal was as follows:

	2019	Period from 1 January 2020 to 2 April 2020
	USD'000	*USD'000*
Operating activities	(1,381)	(759)
Investing activities	(13,339)	(3,437)
Financing activities	3,793	1,226
Net cash flow	(10,928)	(2,971)

The loss per share amounts attributable to ordinary equity holders of the parent by GDS for the year ended 31 December 2019 and the period from 1 January 2020 to the date of disposal were as follows:

	2019	Period from 1 January 2020 to 2 April 2020
Basic/diluted, for loss from a discontinued operation	(0.02)	(0.00)

13. Dividends

No dividends have been paid by the Company in respect of the Relevant Periods.

14. Equity Investment Designated at Fair Value through Other Comprehensive Income

Group and Company

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Equity investment designated at fair value through other comprehensive income				
Unlisted equity investment, at fair value				
Food Union AustAsia Holdings Pte. Ltd.	1,233	1,233	816	816

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group has no significant influence on the investee.

15. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share is based on the profit for the year/period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 336,111,964, 336,111,964, 336,111,968, 336,111,968 and 336,111,968 in issue during the years of 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, respectively, as adjusted to reflect the rights issue during the year/period.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			**Six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Earnings					
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings per share calculation					
From continuing operations	74,630	99,079	104,572	80,043	29,842
From a discontinued operation	(7,063)	(3,239)	–	–	–
	67,567	95,840	104,572	80,043	29,842
Effect of dilution:					
Share options	–	–	(86)	–	–

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
				(unaudited)	
Shares					
Weighted average number of ordinary shares in issue during the year/(period) used in the basic earnings per share calculation	336,111,964	336,111,964	336,111,968	336,111,968	336,111,968
Effect of dilution – weighted average number of ordinary shares:					
Share options	–	–	1,353,340	–	448,466
	336,111,964	336,111,964	337,465,308	336,111,968	336,560,434

The Group had no potentially dilutive ordinary shares outstanding in 2019. No potential shares were computed for diluted earnings per share due to anti-dilutive effect for the year ended 31 December 2020 and the six months ended 30 June 2021.

16. Property, Plant and Equipment

	Buildings and site facilities	Machinery and equipment	Motor vehicles	Office furniture and fixtures	Construction in progress	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
31 December 2019						
At 1 January 2019						
Cost	194,927	200,929	4,398	8,503	9,820	418,577
Accumulated depreciation and impairment	(33,165)	(64,816)	(2,340)	(4,266)	–	(104,587)
Net carrying amount	161,762	136,113	2,058	4,237	9,820	313,990

	Buildings and site facilities	Machinery and equipment	Motor vehicles	Office furniture and fixtures	Construction in progress	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
At 1 January 2019, net of accumulated depreciation and impairment	161,762	136,113	2,058	4,237	9,820	313,990
Additions	566	8,221	513	1,355	16,954	27,609
Disposal	(92)	(1,156)	(8)	(56)	–	(1,312)
Depreciation for the year	(9,376)	(19,334)	(704)	(1,099)	–	(30,513)
Transfer	16,807	6,035	–	8	(22,898)	(48)
Translation differences	(4,273)	3,870	53	(1,134)	272	(1,212)
At 31 December 2019, net of accumulated depreciation and impairment	165,394	133,749	1,912	3,311	4,148	308,514
31 December 2020						
At 1 January 2020						
Cost	207,144	216,422	4,861	8,170	4,148	440,745
Accumulated depreciation and impairment	(41,750)	(82,673)	(2,949)	(4,859)	–	(132,231)
Net carrying amount	165,394	133,749	1,912	3,311	4,148	308,514
At 1 January 2020, net of accumulated depreciation and impairment	165,394	133,749	1,912	3,311	4,148	308,514
Additions	10,887	14,538	606	792	39,204	66,027
Disposal	(45)	(914)	(185)	(10)	–	(1,154)
Disposal of a subsidiary	(32,574)	(21,970)	(1,068)	(1,899)	(1,830)	(59,341)
Depreciation for the year	(8,226)	(17,744)	(292)	(533)	–	(26,795)
Reclassification	(81)	33	–	48	–	–
Transfer	24,148	15,448	–	31	(39,737)	(110)
Translation differences	4,617	4,186	(143)	(250)	(299)	8,111
At 31 December 2020, net of accumulated depreciation and impairment	164,120	127,326	830	1,490	1,486	295,252

	Buildings and site facilities	Machinery and equipment	Motor vehicles	Office furniture and fixtures	Construction in progress	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
31 December 2021						
At 1 January 2021						
Cost	209,713	217,828	1,752	3,814	1,486	434,593
Accumulated depreciation and impairment	(45,593)	(90,502)	(922)	(2,324)	–	(139,341)
Net carrying amount	164,120	127,326	830	1,490	1,486	295,252
At 1 January 2021, net of accumulated depreciation and impairment	164,120	127,326	830	1,490	1,486	295,252
Additions	6,858	26,330	455	1,586	29,071	64,300
Additions from business combination	56,839	21,891	1,880	664	2,116	83,390
Disposal	(226)	(1,200)	(14)	(60)	(22)	(1,522)
Depreciation for the year	(11,072)	(21,175)	(355)	(804)	–	(33,406)
Transfer	16,448	10,663	–	11	(27,122)	–
Translation differences	4,728	3,432	45	55	84	8,344
At 31 December 2021, net of accumulated depreciation and impairment	237,695	167,267	2,841	2,942	5,613	416,358
At 31 December 2021						
Cost	295,483	279,461	4,014	5,948	5,613	590,519
Accumulated depreciation and impairment	(57,788)	(112,194)	(1,173)	(3,006)	–	(174,161)
Net carrying amount	237,695	167,267	2,841	2,942	5,613	416,358
30 June 2022						
At 1 January 2022						
Cost	295,483	279,461	4,014	5,948	5,613	590,519
Accumulated depreciation and impairment	(57,788)	(112,194)	(1,173)	(3,006)	–	(174,161)
Net carrying amount	237,695	167,267	2,841	2,942	5,613	416,358

	Buildings and site facilities	Machinery and equipment	Motor vehicles	Office furniture and fixtures	Construction in progress	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
At 1 January 2022, net of accumulated depreciation and impairment	237,695	167,267	2,841	2,942	5,613	416,358
Additions	1,423	13,423	1,036	400	17,123	33,405
Disposal	(144)	(799)	(34)	(12)	–	(989)
Depreciation for the period	(5,960)	(12,467)	(157)	(332)	–	(18,916)
Transfer	1,656	3,513	–	53	(5,222)	–
Translation differences	(10,632)	(9,683)	(80)	(170)	(631)	(21,196)
At 30 June 2022, net of accumulated depreciation and impairment	224,038	161,254	3,606	2,881	16,883	408,662
At 30 June 2022						
Cost	284,721	278,165	4,724	6,017	16,883	590,510
Accumulated depreciation and impairment	(60,683)	(116,911)	(1,118)	(3,136)	–	(181,848)
Net carrying amount	224,038	161,254	3,606	2,881	16,883	408,662

As at 31 December 2019, 2020 and 2021 and 30 June 2022, the aggregate carrying amounts of USD78,731,000, USD24,341,000, USD40,530,000 and USD40,021,000 were pledged to bank as security respectively for the Group's bank borrowings, as further detailed in Note 31 to the Historical Financial Information.

17. Leases

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and site facilities used in its operations. Leases of land generally have lease terms between 3 and 40 years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. Leases of buildings and other site facilities generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings and site facilities	Total
	USD'000	*USD'000*	*USD'000*
As at 1 January 2019	49,694	188	49,882
Additions	5,624	20	5,644
Charge for the year	(3,652)	(101)	(3,753)
Translation differences	(341)	3	(338)
As at 31 December 2019 and 1 January 2020	51,325	110	51,435
Additions	5,279	105	5,384
Disposal of a subsidiary	(7,525)	(59)	(7,584)
Charge for the year	(3,600)	(63)	(3,663)
Translation differences	1,690	(6)	1,684
As at 31 December 2020 and 1 January 2021	47,169	87	47,256
Additions	13,909	–	13,909
Additions from business combination	106,034	–	106,034
Charge for the year	(8,240)	(59)	(8,299)
Translation differences	2,299	2	2,301
As at 31 December 2021 and 1 January 2022	161,171	30	161,201
Additions	25,454	–	25,454
Charge for the period	(6,383)	(29)	(6,412)
Translation differences	(8,183)	(1)	(8,184)
As at 30 June 2022	172,059	–	172,059

As at 30 June 2022, the carrying amount of USD2,019,000 was pledged as security for a certain bank borrowing amounting to USD20,562,000 that has not yet been drawn down.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Carrying amount at the beginning of the year/period	45,369	47,912	50,335	151,156
New leases	4,639	1,096	11,272	25,062
Additions from business combination	–	–	95,541	–
Accretion of interest recognised during the year/period	3,188	3,188	6,101	4,297
Payments	(4,516)	(4,989)	(14,379)	(6,528)
Disposal of a subsidiary	–	(103)	–	–
Translation differences	(768)	3,231	2,286	(7,840)
Carrying amount at the end of the year/period	47,912	50,335	151,156	166,147
Analysed into:				
Current portion	2,791	3,869	5,451	13,749
Non-current portion	45,121	46,466	145,705	152,398

The maturity analysis of lease liabilities is disclosed in Note 45 to the Historical Financial Information.

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Interest on lease liabilities	3,188	3,188	6,101	1,838	4,297
Depreciation charge of right-of-use assets	1,949	2,120	2,828	1,143	2,069
Expense relating to short-term leases	2,168	1,550	1,733	1,453	1,933
Expense relating to low-value leases	19	–	–	–	–
Total amount recognised in profit or loss	7,324	6,858	10,662	4,434	8,299

18. Intangible Assets

	Trademarks	**Software**	**Total**
	USD'000	*USD'000*	*USD'000*
31 December 2019			
At 1 January 2019			
Cost	1,293	2,514	3,807
Accumulated amortisation	(248)	(1,443)	(1,691)
Net carrying amount at 1 January 2019, net of accumulated amortization	1,045	1,071	2,116
Additions	–	620	620
Written off	–	(2)	(2)
Amortisation provided during the year	(131)	(456)	(587)
Transfer	–	48	48
Translation differences	15	(5)	10
At 31 December 2019	929	1,276	2,205
At 31 December 2019 and 1 January 2020			
Cost	1,311	3,162	4,473
Accumulated amortization	(382)	(1,886)	(2,268)
Net carrying amount at 1 January 2020, net of accumulated amortization	929	1,276	2,205

	Trademarks	Software	Total
	USD'000	*USD'000*	*USD'000*
Additions	–	144	144
Disposal of subsidiaries	(848)	(361)	(1,209)
Amortisation provided during the year	(32)	(349)	(381)
Transfer	–	110	110
Translation differences	(49)	(11)	(60)
At 31 December 2020	–	809	809
At 31 December 2020 and 1 January 2021			
Cost	–	2,366	2,366
Accumulated amortization	–	(1,557)	(1,557)
Net carrying amount at 1 January 2021, net of accumulated amortization	–	809	809
Additions	–	293	293
Additions from business combination	–	4	4
Amortisation provided during the year	–	(345)	(345)
Translation differences	–	19	19
At 31 December 2021	–	780	780
At 31 December 2021 and 1 January 2022			
Cost	–	2,720	2,720
Accumulated amortization	–	(1,940)	(1,940)
Net carrying amount at 1 January 2022, net of accumulated amortization	–	780	780
Additions	–	73	73
Amortisation provided during the period	–	(185)	(185)
Translation differences	–	(37)	(37)
At 30 June 2022	–	631	631

19. Other Long-Term Assets

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Tax recoverable	1,475	–	–	–
Prepayments for property, plant and equipment	100	2,805	8,071	6,905
	1,575	2,805	8,071	6,905

20. Long-Term Receivable

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Amounts due from a third party, non-trade	13,151	16,407	16,755	16,928
Impairment	–	–	(4,900)	(4,900)
	13,151	16,407	11,855	12,028

The balance of long-term receivable was the shareholder's loans to Food Union AustAsia Holdings Pte. Ltd., with a floating interest rate of 1-year USD LIBOR plus 0.3% per annum. The management classifies it as non-current receivable based on the repayment plan agreed by the parties which is repayable beyond twelve months from the end of the reporting period.

No loss allowance was provided for long-term receivable because the risk was assessed to be minimal as at 31 December 2019 and 31 December 2020. As at 31 December 2021 and 30 June 2022, the Group assessed that the credit risk had been significantly increased, and the Group accrued allowance amounting to USD4,900,000 for the long-term receivable which was assessed to be in stage 2.

21. Inventories

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Raw materials	77,991	96,604	151,973	102,351
Low-value consumables	7,722	4,909	6,246	5,683
Finished goods	2,132	951	2,446	1,176
	87,845	102,464	160,665	109,210

As at 31 December 2019, 2020, 2021 and 30 June 2022, the carrying amounts of USD75,055,000, USD87,307,000, USD65,504,000 and USD46,857,000 were pledged as security for the Group's bank borrowings respectively, as further detailed in Note 31 to the Historical Financial Information.

22. Biological Assets

A – Nature of activities

The biological assets of the Group are mainly dairy cows held to produce raw milk and beef cattle held for sale.

The quantity of dairy cows and beef cattle owned by the Group at the end of each reporting period is shown below. The Group's milkable cows are dairy cows held to produce raw milk. Heifers and calves are those dairy cows that have not reached the age that can produce milk. Beef cattle are raised for sale. Beef cattle mainly consist of Holstein, Angus and Wagyu.

	As at 31 December			As at 30 June
	2019	2020	2021	2022
Milkable cows	54,225	46,680	53,735	57,383
Heifers and calves	47,545	45,099	52,439	54,041
Beef cattle	17,086	19,386	25,414	28,152
Total	118,856	111,165	131,588	139,576

In general, the heifers are inseminated with semen when heifers reached approximately 14 months old. After an approximately nine months' pregnancy term, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins. A milkable cow is typically milked for approximately 300 days before an approximately 60 days' dry period. In general, holstein will be sold when the age reaches approximately 480 days, angus are generally sold when the age reaches approximately 405 days and wagyu will be sold when the age reaches approximately 600 days.

When a heifer begins to produce raw milk, it is transferred to the category of milkable cows based on the estimated fair value on the date of transfer.

The Group is exposed to a number of risks related to its biological assets. The Group is exposed to the following operating risks:

i. Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates plantation and breeding. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

ii. Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls and surveys and insurance.

B – Value of dairy cows, beef cattle and forage plants

The fair value less costs to sell of dairy cows, beef cattle and forage plants owned by the Group at the end of each reporting period is shown below.

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Milkable cows	263,916	280,177	344,665	356,878
Heifers and calves	97,913	106,125	133,032	140,755
Beef cattle	24,178	33,524	49,217	52,917
Forage plants	–	–	–	9,948
Total	386,007	419,826	526,914	560,498
Current	24,178	33,524	49,217	62,865
Non-current	361,829	386,302	477,697	497,633
	386,007	419,826	526,914	560,498

	Heifers and calves	Milkable cows	Beef cattle	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Balance at 1 January 2019	99,444	235,789	10,925	346,158
Feeding cost and others	84,066	–	16,247	100,313
Transfer	(75,501)	75,501	–	–
Decrease due to sales	(11,059)	(30,652)	(22,236)	(63,947)
Gain/(loss) arising from changes in fair value less costs to sell	5,445	(13,411)	13,460	5,494
Translation differences	(4,482)	(3,311)	5,782	(2,011)
Balance at 31 December 2019	97,913	263,916	24,178	386,007
Feeding cost and others	86,833	–	22,108	108,941
Purchase	667	–	–	667
Transfer	(63,922)	63,922	–	–
Decrease due to sales	(2,122)	(30,025)	(43,003)	(75,150)
Decrease due to disposal of subsidiaries	(9,064)	(18,372)	–	(27,436)
Gain/(loss) arising from changes in fair value less costs to sell	564	(14,512)	21,850	7,902
Translation differences	(4,744)	15,248	8,391	18,895
Balance at 31 December 2020	106,125	280,177	33,524	419,826
Addition from business combination	14,037	11,995	–	26,032
Feeding cost and others	116,548	–	36,382	152,930
Transfer	(86,697)	86,697	–	–
Decrease due to sales	(4,294)	(37,236)	(50,500)	(92,030)
Gain/(loss) arising from changes in fair value less costs to sell	(6,013)	(4,731)	19,590	8,846
Translation differences	(6,674)	7,763	10,221	11,310
Balance at 31 December 2021	133,032	344,665	49,217	526,914

	Heifers and calves	Milkable cows	Beef cattle	Forage plants	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Balance at 31 December 2021	133,032	344,665	49,217	–	526,914
Feeding cost and others	59,474	–	28,030	13,854	101,358
Transfer	(48,363)	48,363	–	–	–
Decrease due to sales	(1,478)	(16,948)	(25,037)	–	(43,463)
Decrease due to transfer to inventory	–	–	–	(3,373)	(3,373)
Gain/(loss) arising from changes in fair value less costs to sell	3,221	(1,031)	1,020	(219)	2,991
Translation differences	(5,131)	(18,171)	(313)	(314)	(23,929)
Balance at 30 June 2022	140,755	356,878	52,917	9,948	560,498

The Group has engaged Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent firm of professional valuers, to assist it in assessing the fair values of the Group's dairy cows and beef cattle. The independent valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuation was performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 44.

As at 31 December 2019, 2020, 2021 and 30 June 2022, the Group's dairy cows and beef cattle in the amount of USD316,444,000, USD362,976,000, USD319,248,000 and USD356,500,000 were pledged to banks to secure certain bank borrowings granted to the Group respectively, as further detailed in Note 31 to the Historical Financial Information.

The aggregate gain or loss arising on initial recognition of raw milk and from the changes in fair value less costs to sell of biological assets is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Gains/(losses) arising from changes in fair value less costs to sell of dairy cows	(7,966)	(13,948)	(10,744)	16,638	2,190
Gains/(losses) arising from changes in fair value less costs to sell of forage plants	(1,727)	(684)	(572)	89	(219)
Gains arising from changes in fair value less cost to sell of beef cattle	13,460	21,850	19,590	9,280	1,020
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	108,128	128,253	153,770	70,352	65,959
	111,895	135,471	162,044	96,359	68,950

Included in the losses arising from changes in fair value less costs to sell of dairy cows are gains of USD2,302,000 and losses of USD469,000 from the discontinued operation for the years ended 31 December 2019 and 2020, respectively.

Included in the losses arising from changes in fair value less costs to sell of forage plants are gains of USD52,000 from the discontinued operation for the year ended 31 December 2019.

Included in the balances of biological assets are unrealized gains of USD50,443,000, USD49,310,000, USD64,286,000, USD49,240,000 and USD31,991,000 which were charged to the statements of profit or loss for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, respectively, arising from changes in fair value less costs to sell of biological assets of the continuing operations as estimated by the Group's management.

23. Trade Receivables

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Trade receivables	52,294	36,094	46,600	41,273
Impairment	(244)	–	–	–
	52,050	36,094	46,600	41,273

The Group's trading terms with its customers for sales of raw milk and milk products are mainly on credit, except for new customers, where payment in advance is normally required. The credit period of sales of raw milk is 30 days after the invoice date. The credit period of sales of milk products is generally 30 to 45 days after the invoice date, extending up to 90 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Within 1 month	45,522	34,061	45,108	40,784
1 to 2 months	3,251	2,031	1,337	422
2 to 3 months	940	2	98	33
Over 3 months	2,337	–	57	34
	52,050	36,094	46,600	41,273

Included in the Group's trade receivables are amounts due from a shareholder which has significant influence over the Company of USD1,322,000, USD1,925,000 and USD1,872,000 as at 31 December 2020, 2021 and 30 June 2022 respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 31 December 2019, 2020, 2021 and 30 June 2022, trade receivables of USD37,182,000, USD33,390,000, USD40,426,000 and USD37,368,000 were pledged to banks to secure certain bank borrowings granted to the Group respectively, as further detailed in note 31 to the Historical Financial Information.

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
At beginning of year/period	304	244	–	–
Provision for the year	–	–	–	–
Reversal for the year	(71)	–	–	–
Disposal of subsidiaries	–	(208)	–	–
Translation differences	11	(36)	–	–
At end of year/period	244	–	–	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The expected credit loss rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). As at 31 December 2019, the expected credit loss rate was 0.47% while as at 31 December 2020, 2021 and 30 June 2022, the expected credit loss rate was immaterial.For the trade receivables from customers of China farms, no loss allowance was accrued because the risk was assessed to be minimal at the end of each of the Relevant Periods. For trade receivables from customers of the GDS business, receivables which are past due over 3 months amounted to USD2,461,000, and the Group used a provision matrix to accrue loss allowance of USD244,000 at the end of 2019.

24. Prepayments, Other Receivables And Other Assets

Group

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Prepayments	9,872	8,189	18,311	24,853
Deposits and other receivables	822	165	416	1,046
	10,694	8,354	18,727	25,899

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. At 31 December 2019, 2020, 2021 and 30 June 2022, the Group expected that the credit risk was considered to be low and the expected credit loss rate was immaterial, thus the loss allowance was assessed to be minimal.

Company

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Deposits and other receivables	4,608	2,868	34,773	24,851
Prepayments	–	9	–	474
	4,608	2,877	34,773	25,325

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. At 31 December 2019, 2020, 2021 and 30 June 2022, the Company expected that the credit risk was considered to be low and the expected credit loss rate was immaterial, thus the loss allowance was assessed to be minimal.

25. Cash And Cash Equivalents And Pledged Deposits

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Cash and bank balances	54,639	44,939	23,248	48,040
Less: Pledged deposits	(3,435)	(1,622)	(1,103)	(885)
Cash and cash equivalents	51,204	43,317	22,145	47,155

At the end of the reporting period, the cash and bank balances of the Group were denominated in the following currencies. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
RMB	49,974	44,252	21,872	45,844
USD	1,546	637	1,131	2,089
SGD	1,456	49	245	107
IDR	1,143	–	–	–
MYR	351	–	–	–
HKD	169	1	–	–
Total	54,639	44,939	23,248	48,040

Cash at banks earns interest at floating rates based on daily bank deposit rates. The cash and bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2019, 2020, 2021 and 30 June 2022, the bank balances of USD3,435,000, USD1,622,000, USD1,103,000 and USD885,000 were pledged to bank as security, respectively, for the Group's bank borrowings and the purchase of imported alfalfa, as further detailed in note 31 to the Historical Financial Information.

26. Trade Payables

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Trade payables	85,987	54,942	79,640	75,345

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Within 2 months	61,273	49,492	71,248	63,777
2 to 6 months	20,518	3,179	6,192	9,075
6 to 12 months	3,083	1,174	926	1,229
Over 1 year	1,113	1,097	1,274	1,264
	85,987	54,942	79,640	75,345

As at 31 December 2019, 2020, 2021 and 30 June 2022, the trade payables of USD6,062,000, USD4,602,000, USD4,961,000 and USD9,316,000 are due to a fellow subsidiary which are repayable within 110 days.

The trade payables are non-interest-bearing and are normally settled on 30-180 day terms.

27. Other Payables And Accruals

Group

		As at 31 December			As at 30 June
	Notes	2019	2020	2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000*
Current					
Other payables		5,420	1,345	996	1,903
Accruals		4,547	1,611	1,794	3,788
Payroll payable		9,073	8,953	11,501	8,731
Construction payables		9,352	19,546	20,146	24,998
Contract liabilities	*(a)*	7,631	6,589	1,870	2,059
Interest payable		706	471	2,103	1,539
		36,729	38,515	38,410	43,018
Non-current					
Defined benefit obligations		3,409	–	–	–
Other non-current liability	*(b)*	–	–	13,646	13,271
Contract liabilities	*(a)*	–	–	1,390	999
		3,409	–	15,036	14,270

Included in the Group's other payables are amounts due to the related parties of USD1,645,000, USD33,000, USD6,000 and USD490,000 as at 31 December 2019, 2020, 2021 and 30 June 2022 respectively.

Notes:

(a) Contract liabilities

The contract liabilities of the Group represent only the advances from customers. The following table shows revenue recognized that was included in the balance of contract liabilities at the beginning of each reporting period.

	Year ended 31 December			Six months ended 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Advances from customers	4,401	7,631	6,589	1,870

(b) Other non-current liability

As at 31 December 2021 and 30 June 2022, the balance of other non-current liability represents the deposit from a third party customer of raw milk which will be due in 2024.

Company

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Current				
Other payables	–	33	214,172	212,870
Accruals	92	940	750	2,669
Others	–	1,307	5,178	914
	92	2,280	220,100	216,453
Non-current				
Others	–	2,206	–	–

Included in the Company's other payables are amounts due to the related parties of USD33,000, USD214,172,000 and USD212,870,000 as at 31 December 2020, 2021 and 30 June 2022 respectively. Other payables due to the related parties are non-trade in nature, unsecured, interest-free and repayable on demand as at 31 December 2020, 2021 and 30 June 2022 respectively.

28. Share Appreciation Liability

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Current				
AAG Share Appreciation Plan	–	1,307	1,856	568
AAG Performance Share Plan	–	–	2,731	203
	–	1,307	4,587	771
Non-current				
AAG Share Appreciation Plan	–	1,269	–	–
AAG Performance Share Plan	–	937	–	–
	–	2,206	–	–

29. Loans From A Shareholder

Group

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Current				
Loans from holding company	4,000	2,200	6,300	6,300
Non-current				
Loans from holding company	4,100	23,340	19,240	19,240

Loans from the holding company are non-trade in nature, unsecured, bearing interest at a rate from 4.41% to 5.26% per annum in 2019, 3.74% to 4.84% per annum in 2020, 3.67% to 4.67% per annum in 2021 and 3.70% to 5.67% per annum during the six months ended 30 June 2022, respectively. The management classifies the current and non-current portions of the loans based on the repayment plan agreed with the holding company on a yearly basis. For the non-current loans payable, the Group agreed with the holding company that they are repayable beyond twelve months from the end of each reporting period.

Loans from the holding company will be capitalised prior to the Listing Date.

Company

	As at 31 December			**As at 30 June**
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Current				
Loans from holding company	4,000	2,200	6,300	6,300
Non-current				
Loans from holding company	4,100	4,100	–	–

Loans from the holding company are non-trade in nature, unsecured, bearing interest at a rate from 4.41% to 5.26% per annum in 2019, 3.74% to 4.65% per annum in 2020, 3.67% to 3.71% per annum in 2021 and 3.70% to 4.72% during the six months ended 30 June 2022, respectively. The management classifies the current and non-current portions of the loans based on the repayment plan agreed with the holding company on a yearly basis. For the non-current loans payable, the Group agreed with the holding company that they are repayable beyond twelve months from the end of each reporting period.

Loans from the holding company will be capitalised prior to the Listing Date.

30. Derivative Financial Instruments

	As at 31 December						As at 30 June	
	2019		2020		2021		2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Forward currency contracts*	6	2,164	–	3,621	–	–	–	–
Interest rate swaps**	19	691	–	326	–	–	–	–
	25	2,855	–	3,947	–	–	–	–
Portion classified as non-current:								
Forward currency contracts*	6	1,408	–	–	–	–	–	–
Interest rate swaps**	19	451	–	–	–	–	–	–
	25	1,859	–	–	–	–	–	–
Current portion	–	996	–	3,947	–	–	–	–

* Forward currency contracts are used to hedge foreign currency risk arising from the Group's bank loans denominated in USD for which firm commitments existed at the repayment date, without using hedge accounting for derivative financial instruments. The forward currency contracts matured on 14 September 2021, without using hedge accounting for derivative financial instruments.

** Interest rate swap contracts are entered into hedge interest rate risk arising from floating rate of USD long-term bank loans. The interest rate swap received floating interest rate of 3-month LIBOR per annum and paid at a fixed rate of 1.685% per annum. The interest rate swap contracts matured on 14 September 2021, without using hedge accounting for derivative financial instruments.

31. Interest-Bearing Bank Borrowings

Group

	As at 31 December									As at 30 June		
	2019			2020			2021			2022		
	Effective interest rate (%)	*Maturity*	*USD'000*	*Effective interest rate (%)*	*Maturity*	*USD'000*	*Effective interest rate (%)*	*Maturity*	*USD'000*	*Effective interest rate (%)*	*Maturity*	*USD'000*
Current												
Bank loans – secured	5.22-9.75	2020	32,320	5.32	2021	11,556	3.85-5.22	2022	25,056	3.8-5.11	2023	57,182
Current portion of long-term bank loans – secured	6.98-10.00	2020	56,053	5.35-7.15	2021	59,231	4.13-7.3	2022	40,500	4.21-7.4	2023	52,800
			88,373			70,787			65,556			109,982
Non-current												
Bank loans – secured	6.98-10.00	2021-2024	124,120	5.35-7.15	2022-2025	71,854	4.13-7.3	2023-2026	202,422	4.21-7.4	2023-2026	166,431
			212,493			142,641			267,978			276,413

Company

	As at 31 December									As at 30 June		
	2019			2020			2021			2022		
	Effective interest rate (%)	*Maturity*	*USD'000*	*Effective interest rate (%)*	*Maturity*	*USD'000*	*Effective interest rate (%)*	*Maturity*	*USD'000*	*Effective interest rate (%)*	*Maturity*	*USD'000*
Current												
Current portion of long-term bank loans – secured			–			–	4.13	2022	23,532	4.21	2023	30,256
Non-current												
Bank loans – secured			–			–	4.13	2024	41,836	4.21	2024	25,729
			–			–			65,368			55,985

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Analysed into:				
Bank loans:				
Within one year or on demand	88,373	70,787	65,556	109,982
In the second year	78,051	11,625	70,024	57,391
In the third to fifth years, inclusive	46,069	60,229	132,398	109,040
	212,493	142,641	267,978	276,413

Notes:

(a) The Group's facilities amounted to USD316,931,000 in 2019, USD293,717,000 in 2020, USD407,394,000 in 2021 and USD593,051,000 during the six months ended 30 June 2022, of which the unutilized bank facilities were USD11,467,000, USD51,319,000, USD56,038,000 and USD218,893,000 as at the end of the respective reporting periods. As at 31 December 2019, 2020, 2021 and 30 June 2022, the Group's facilities are secured by the pledge of certain of the Group's assets.

(b) Certain of the Group's bank loans are secured by:

(i) pledges over certain of the Group's pledged deposits, which had an aggregate carrying value of USD844,000 at 31 December 2019, USD905,000 at 31 December 2020, USD930,000 at 31 December 2021 and USD885,000 at 30 June 2022;

(ii) pledges over certain of the Group's trade receivables, which had a net carrying value of USD37,182,000 at 31 December 2019,USD33,390,000 at 31 December 2020, USD40,426,000 at 31 December 2021 and USD37,368,000 at 30 June 2022;

(iii) pledges over certain of the Group's inventories totalling USD75,055,000 at 31 December 2019, USD87,307,000 at 31 December 2020, USD65,504,000 at 31 December 2021 and USD46,857,000 at 30 June 2022;

(iv) mortgages of certain of the Group's property, plant and equipment, which had an aggregate carrying amount of USD78,731,000 at 31 December 2019, USD24,341,000 at 31 December 2020, USD40,530,000 at 31 December 2021 and USD40,021,000 at 30 June 2022;

(v) mortgages of certain of the Group's biological assets, which had an aggregate carrying amount of USD316,444,000 at 31 December 2019, USD362,976,000 at 31 December 2020, USD319,248,000 at 31 December 2021 and USD356,500,000 at 30 June 2022;

(vi) pledges over the shares of a subsidiary which had an aggregate carrying value of USD26,430,000 at the end of each of the Relevant Periods;

(vii) pledges over the investments in certain subsidiaries which had an aggregate carrying value of USD336,967,000 at 31 December 2021 and USD336,967,000 at 30 June 2022.

(c) The bank borrowings are denominated in following currencies:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
USD	93,833	35,900	65,368	55,985
RMB	57,655	106,741	202,610	220,428
IDR	61,005	–	–	–
	212,493	142,641	267,978	276,413

32. Deferred Tax

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Fair value of biological assets	Withholding taxes	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
At 1 January 2019	1,263	1,024	–	2,287
Deferred tax charged to the statement of profit or loss during the year *(Note 11)*	631	895	–	1,526
Translation differences	63	57	–	120
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2019	1,957	1,976	–	3,933
At 1 January 2020	1,957	1,976	–	3,933
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 11)*	43	(34)	–	9
Translation differences	(299)	(294)	–	(593)
Disposal of subsidiaries	(1,701)	(1,648)	–	(3,349)
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2020	–	–	–	–

	Depreciation allowance in excess of related depreciation	Fair value of biological assets	Withholding taxes	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
At 1 January 2021	–	–	–	–
Deferred tax charged to the statement of profit or loss during the year *(Note 11)*	–	–	600	600
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2021	–	–	600	600
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 30 June 2022	–	–	600	600

Deferred tax assets

	Allowance for impairment	Long-term employee benefits liability	Provisions	Tax losses	Others	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
At 1 January 2019	91	705	223	2,025	28	3,072
Deferred tax credited/(charged) to the statement of profit or loss during the year *(Note 11)*	(19)	155	(1)	(2,075)	(1)	(1,941)
Deferred tax charged to other comprehensive income	–	(39)	–	–	–	(39)
Translation differences	3	31	10	50	1	95
Gross deferred tax assets at 31 December 2019	75	852	232	–	28	1,187

	Allowance for impairment	Long-term employee benefits liability	Provisions	Tax losses	Others	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
At 1 January 2020	75	852	232	–	28	1,187
Deferred tax credited/(charged) to the statement of profit or loss during the year *(Note 11)*	–	28	(55)	–	7	(20)
Translation differences	(12)	(131)	(29)	–	(5)	(177)
Disposal of subsidiaries	(63)	(749)	(148)	–	(30)	(990)
Gross deferred tax assets at 31 December 2020	–	–	–	–	–	–

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Tax losses	31,993	13,503	13,147	12,202

As at 31 December 2019, 2020, 2021 and 30 June 2022, certain of the Group's PRC subsidiaries had unused tax losses of USD12,843,000, USD13,503,000, USD13,147,000 and USD12,202,000 incurred by the non-agricultural business in the PRC respectively. These unused tax losses will expire in the subsequent 5 years as disclosed in the following table if not utilised. No deferred tax asset has been recognised in relation to such tax losses as it is not probable that taxable profit will be available against which the temporary differences can be utilised.

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
Year 2020	1,695	–	–	–
Year 2021	615	657	–	–
Year 2022	2,176	2,326	2,381	1,860
Year 2023	2,824	3,019	3,090	2,935
Year 2024	5,533	5,915	6,054	5,751
Year 2025	–	1,586	1,622	1,542
Year 2026	–	–	–	114
	12,843	13,503	13,147	12,202

As at 31 December 2019, the Group's Indonesia subsidiary had unused tax losses of USD13,068,000 incurred by the non-agricultural business in Indonesia. These unused tax losses as at 31 December 2019 will expire in the years from 2022 to 2024 as disclosed in the following table if not utilised. No deferred tax asset has been recognised in relation to such tax losses as it is not probable that taxable profit will be available against which the temporary differences can be utilised.

	2019
Year 2022	1,728
Year 2023	6,710
Year 2024	4,630
	13,068

As at 31 December 2019, the Group's subsidiaries in other countries/regions had unused tax losses of USD6,082,000 incurred by the non-agricultural business. These unused tax losses as at 31 December 2019 had no expiry date. No deferred tax asset has been recognised in relation to such tax losses as it is not probable that taxable profit will be available against which the temporary differences can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred taxation has not been provided for in the consolidated financial statements in respect of the accumulated profits of the PRC subsidiaries amounting to USD206,650,000, USD317,090,000, USD415,738,000 and USD430,816,000 as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future because the Group will retain the funding for the development in Mainland China.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. Share Capital

Shares

	As at 31 December			As at 30 June
	2019	2020	2021	2022
Issued and fully paid:				
Number of shares in issue	317,233,391	336,111,968	336,111,968	336,111,968
Share capital (USD'000)	443,767	308,502	308,502	308,502

A summary of movements in the Company's share capital is as follows:

	Notes	**Number of shares in issue**	**Share capital**
			USD'000
At 1 January 2019		228,368,571	313,300
Shares issued for acquisition of a subsidiary	*(a)*	88,864,820	130,467
At 31 December 2019 and 1 January 2020		317,233,391	443,767
Issuance of shares	*(b)*	4	14,360
Shares issued for acquisition of a subsidiary	*(a)*	18,878,573	26,430
Offset against an amount due from its holding company	*(c)*	–	(71,620)
Offset against the accumulated losses	*(d)*	–	(104,435)
At 31 December 2020 and 1 January 2021		336,111,968	308,502
At 31 December 2021 and 1 January 2022		336,111,968	308,502
At 30 June 2022		336,111,968	308,502

Notes:

(a) In 2019, 88,864,820 new ordinary shares were issued to its holding company in exchange for a 100% equity interest in AIH2 Pte. Ltd. ("AIH2").

In 2020, 18,878,573 new ordinary shares were issued to its holding company in exchange for a 100% equity interest in Dongying AustAsia Beef Co., Ltd ("DYAB").

(b) In 2020, 3 new ordinary shares were issued to its holding company in exchange for the increase in the Company's investment in AIH2. An additional bonus share with nil consideration is issued to Meiji Co., Ltd.

(c) Capital was reduced by USD71,620,000 during the year to offset against the amount due from its holding company for disposing of the entire equity interest and loan receivable from its South East Asia Dairy business.

(d) Capital was reduced by USD104,435,000 to offset against the accumulated losses.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

34. Share Option Scheme

The Group operated two share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the share options include employees in the Group. The Group adopted the share option scheme ("AAG Share Appreciation Plan") on 6 June 2012. Under the scheme, the Group granted share option for four times on 9 July 2012, 28 November 2013, 30 April 2015 and 29 April 2019. Each option shall vest over a period of 4 years of continuous full-time employment from the date of grant. Options may only be exercised upon the full satisfaction of the dual conditions that: (a) the option has fully vested (and not upon if the option has only partially vested, regardless of whether the exercise is limited to such vested portion) and (b) if the IPO condition has been met.

In July 2020, the Company implemented the "AAG Performance Share Plan" (the "AAG PSP"). The purpose of the AAG PSP is to, inter alia, foster an ownership culture within the AustAsia Group which aligns the interests of executives and employees of the AustAsia Group with the interests of its shareholders and to motivate participants in the AAG PSP to achieve key financial and operational goals of AAG and/or its respective business units. The AAG PSP shall continue in effect for a term of five years, provided always that the AAG PSP may continue beyond the above stipulated period with the approval of the shareholders of the Company.

The aggregate number of shares of the AAG Share Appreciation Plan to be delivered pursuant to the exercise of options on any date, when added to the number of AAG Share Appreciation Plan already issued and that may be issued in respect of all outstanding options granted under this option scheme and all other shares issued under any other share-based incentive schemes that may be implemented by the Group, shall not exceed two per cent of the issued shares of the Group on the day preceding the relevant date of grant. The committee shall have the absolute right to determine the number of shares of the AAG Share Appreciation Plan to which each eligible participant is entitled.

(a) AAG Share Appreciation Plan

The exercise prices and exercise periods of the AAG Share Appreciation Plan as at the end of each of the Relevant Periods are as follows:

As at 31 December 2019

Number of options	Exercise price (USD)	Exercise period
307,500	1.25	2013-12-31 to 2022-9-30
472,500	1.25	2014-12-31 to 2022-9-30
120,000	1.25	2015-12-31 to 2022-9-30
590,000	1.35	2016-12-31 to 2022-9-30
440,000	1.45	2019-4-29 to 2022-9-30
2,409,230	1.50	The later of 2020-4-28 to 2022-9-30 and IPO date
4,339,230		

As at 31 December 2020

Number of options	Exercise price (USD)	Exercise period
307,500	1.25	2013-12-31 to 2022-9-30
472,500	1.25	2014-12-31 to 2022-9-30
120,000	1.25	2015-12-31 to 2022-9-30
590,000	1.35	2016-12-31 to 2022-9-30
440,000	1.45	2019-4-29 to 2022-9-30
2,359,230	1.50	The later of 2020-4-28 to 2022-9-30 and IPO date
4,289,230		

As at 31 December 2021

Number of options	Exercise price (USD)	Exercise period
164,666	1.25	2013-12-31 to 2022-9-30
243,332	1.25	2014-12-31 to 2022-9-30
42,665	1.25	2015-12-31 to 2022-9-30
494,500	1.35	2016-12-31 to 2022-9-30
339,998	1.45	2019-4-29 to 2022-9-30
1,892,396	1.50	The later of 2020-4-28 to 2022-9-30 and IPO date
3,177,557		

As at 30 June 2022

Number of options	Exercise price (USD)	Exercise period
39,500	1.25	2013-12-31 to 2022-9-30
86,664	1.25	2014-12-31 to 2022-9-30
18,664	1.25	2015-12-31 to 2022-9-30
335,500	1.35	2016-12-31 to 2022-9-30
236,662	1.45	2019-4-29 to 2022-9-30
1,457,870	1.50	The later of 2020-4-28 to 2022-9-30 and IPO date
2,174,860		

The fair value of AAG Share Appreciation Plan was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2019
Dividend yield (%)	0.00
Expected volatility (%)	44.50
Risk-free interest rate (%)	1.17
Expected life of options (year)	4.11
Weighted average share price (USD per share)	1.80

The expected life of the share option is based on the historical data and current expectations and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

In July 2020, the Company modified the terms of AAG's outstanding awards, including a conditional right for holders of these awards with an option for cash settlement exercisable over a certain period. Settlement will be in AAG shares in the event AAG has achieved an IPO.

The cash settled component is valued at the modification date with the cumulative amount credited to liability and debited to share appreciation reserve. The liability component is fair valued at each reporting date and recognised as share appreciation liability.

The following share options were outstanding under the AAG Share Appreciation Plan during the Relevant Periods:

	As at 31 December						As at 30 June	
	2019		2020		2021		2022	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	USD		*USD*		*USD*		*USD*	
At 1 January	1.42	4,339,230	1.42	4,339,230	1.42	4,289,230	1.44	3,177,557
Granted during the year/period	–	–	–	–	–	–	–	–
Forfeited during the year/period	–	–	1.50	(50,000)	–	–	–	–
Exercised during the year/period	–	–	–	–	1.38	(1,111,673)	1.39	(1,002,697)
Expired during the year/period	–	–	–	–	–	–	–	–
At 31 December/30 June	1.42	4,339,230	1.42	4,289,230	1.44	3,177,557	1.45	2,174,860

The Group recognized expenses of USD788,000 and USD648,000 in 2019 and 2020, and reversed an expense of USD86,000 in 2021. The Group recognized an expense of USD257,000 during the six months ended 30 June 2022.

(b) AAG Performance Share Plan

Under the terms of the AAG PSP, the directors and employees of the AustAsia Group who have met the relevant criteria set out in the AAG PSP or by the remuneration committee of AAG ("AAG remuneration committee"), are eligible to participate in the AAG PSP. Controlling shareholders (and their associates) of the Company are also eligible to participate in the AAG PSP provided that their participation and actual or maximum number of shares in AAG and terms of any award to be granted to them under the AAG PSP have been duly approved by independent shareholders of the Company.

The ordinary shares which are the subject of the awards are based on 100% of the grant. The shares awarded on the vesting date could range from 0% to 200% depending on the achievement of pre-determined conditions within specified periods. Settlement will be in cash unless the Company has achieved an IPO by the date of settlement, in which event settlement will be in AAG shares.

For equity-settled tranches, the Group applied the binomial option pricing model in measuring the fair value of the share awards at the grant date. The equity-settled tranches are recognised as expenses over the performance period. The equity-settled component referring to this right is recognized as AAG performance share plan reserve in Note 35.

For cash-settled tranches, the Group applied the binomial option pricing model in measuring the fair value of the share awards at the grant date. The fair value is subsequently remeasured based on the fair value of the share awards at each reporting date, and recognized as expenses over the performance period. The liability of cash-settled tranches referring to this right is recognized as AAG performance share plan liability.

The Group applied the sum-of-the-part method under the asset-based approach in the valuation of the equity value of the Group by using the income approach in estimating the value of the subsidiaries in Mainland China, and the market approach in estimating the value of the equity interest in FUAA. Based on the fair value of the equity value per share, then the Group applied the binomial option pricing model in measuring the fair value of the share awards.

The following table illustrates the number and movements of the AAG performance share plan during the Relevant Periods:

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	Number	*Number*	*Number*	*Number*
Outstanding at 1 January	–	–	9,318,600	9,929,600
Granted during the year/period	–	9,318,600	611,000	682,100
Exercised during the year/period	–	–	–	(568,600)
Outstanding at 31 December/30 June	–	9,318,600	9,929,600	10,043,100

The Group recognized expenses of USD3,743,000, USD15,703,000 and USD6,592,000 in 2020, 2021 and the six months ended 30 June 2022, respectively.

35. Reserves

		As at 31 December			As at 30 June
	Notes	**2019**	**2020**	**2021**	**2022**
		USD'000	*USD'000*	*USD'000*	*USD'000*
Statutory reserve	*(a)*	37,304	54,373	71,943	71,943
AAG Share Appreciation Plan *(Note 34)*		3,453	1,559	361	–
Japfa Performance Share Plan	*(b)*	742	627	1,046	1,061
AAG Performance Share Plan *(Note 34)*		–	2,806	16,715	22,799
Merger reserve	*(c)*	(59,446)	(8,409)	(8,409)	(8,409)
Fair value reserve	*(d)*	(6,298)	(6,298)	(6,715)	(6,715)
Foreign currency translation reserve	*(e)*	(53,364)	5,863	23,101	(19,160)
Retained profits		199,390	292,646	379,648	409,490
		121,781	343,167	477,690	471,009

Notes:

(a) ***Statutory reserve***

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriation to Statutory Reserve ("SR"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to SR until the cumulative total of the SR reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, SR may be used to offset any accumulated losses or increase in the registered capital of the subsidiary. SR is not available for dividend distribution to shareholders.

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Balance at 1 January	28,173	37,304	54,373	71,943
Transferred from retained profits	9,131	17,069	17,570	–
Balance at 31 December/30 June	37,304	54,373	71,943	71,943

(b) ***Japfa Performance Share Plan***

The Company's immediate holding corporation operates an equity-settled share-based compensation plan. The shares were granted to employees of the Company and its PRC subsidiaries subject to certain conditions being met. In July 2020, the pre-determined market conditions and the performance period have been modified by the Japfa Remuneration Committee.

During 2019, new shares were granted to employees of the Company and its PRC subsidiaries subject to their performance ending 2018. The fair values of awards granted are determined using the Monte Carlo Simulation Model and the expenses are recognized over the vesting period.

During 2020, new shares were granted to employees of the Company and its PRC subsidiaries subject to certain conditions being met. The shares awarded on the vesting date could range from 0% to 200%, depending on the level of achievement against pre-set performance conditions within the performance period. The fair values of awards granted are determined using the Monte Carlo Simulation Model and the expenses are recognized over the vesting period.

The following table illustrates the number of the Japfa performance share plan, and the movements during the Relevant Periods:

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	Number	*Number*	*Number*	*Number*
Outstanding at 1 January	5,580,300	5,656,300	6,207,300	6,471,500
Granted during the year/period	76,000	577,100	264,200	–
Disposal of subsidiaries	–	(26,100)	–	–
Outstanding at 31 December/30 June	5,656,300	6,207,300	6,471,500	6,471,500

The expenses of share award recognized amounted to USD459,000, USD450,000, USD419,000 and USD15,000 in 2019, 2020 and 2021 and the six months ended 30 June 2022, respectively.

(c) ***Merger reserve***

The merger reserve represents the difference between the consideration paid and the net assets of a subsidiary restructured under common control. The Group has applied the pooling of interest method for business combination under common control. The merger reserve arising from the acquisition is as follows:

		As at 31 December			As at 30 June
		2019	**2020**	**2021**	**2022**
		USD'000	*USD'000*	*USD'000*	*USD'000*
Balance at 1 January		71,021	(59,446)	(8,409)	(8,409)
Acquisition of AIH2	*i*	(130,467)	–	–	–
Acquisition of DYAB	*ii*	–	(26,430)	–	–
Disposal of South East Asia business	*iii*	–	(12,483)	–	–
Reclassified to retained earnings	*iii*	–	89,950	–	–
Balance at 31 December/ 30 June		(59,446)	(8,409)	(8,409)	(8,409)

(i) On 1 January 2019, the Company acquired a 100% equity interest in AIH2 Pte. Ltd. from its holding company for a consideration of USD130,467,000 which was paid through issuance of ordinary shares of the Company.

(ii) On 2 April 2020, the Company entered into share transfer agreements with a related party, Japfa China Investments Pte Ltd, who is under the control by its holding company, as part of a restructuring exercise, to acquire 100% equity shares in Dongying AustAsia Beef Co., Ltd ("DYAB") for a consideration of USD26,430,000 which was paid through issuance of ordinary shares of the Company.

The above entities within the Group were under common control before and after the completion of the acquisition exercise. Accordingly, in applying merger accounting, financial statement items of the combining entities for the reporting period in which the common control combination occurs, and for the comparative periods disclosed, are included in the consolidated financial statements of the Company as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties. Upon completion of the acquisition exercise, the investments in the newly acquired subsidiaries have been adjusted against the merger reserve in the consolidated financial statements of the Company.

(iii) During the financial year of 2020, the Group restructured its dairy business by disposing of the entire interest in its South East Asia business to its holding company, Japfa Ltd. These merger reserve relate to the share capital of the following components which are the wholly-owned subsidiaries of the Company upon completion of the acquisition:

(a) PT Greenfield Indonesia

(b) PT Greenfields Dairy Indonesia (formerly known as PT AustAsia Food)

(c) Greenfields Dairy Singapore Pte. Ltd. (formerly known as AustAsia Food Pte. Ltd.)

(d) Greenfields Dairy Malaysia Sdn. Bhd. (formerly known as AustAsia Food (M) Sdn. Bhd.)

(e) Greenfields Dairy Hong Kong Limited (formerly known as AustAsia Food HK Limited)

(d) ***Fair value reserve***

The fair value reserve represents the present value changes recognized for the Company's equity investment for which the Company has elected to present the value changes in other comprehensive income.

(e) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of foreign operations whose functional currencies are different from that of the Company's presentation currency.

	As at 31 December			As at 30 June
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Balance at the beginning of year/period	(48,340)	(53,364)	5,863	23,101
Disposal of subsidiaries	–	25,015	–	–
Net effect of exchange differences arising from translation of foreign operations	(5,024)	34,212	17,238	(42,261)
Balance at the end of year/period	(53,364)	5,863	23,101	(19,160)

36. Business Combination

On 28 June 2021, the Company entered into a sale and purchase agreement with third parties Abbott Overseas Luxembourg s.a.r.l. and Tangshan Fonterra Ranch (Hong Kong) Co., Ltd, pursuant to which the sellers agreed to sell, and the Company agreed to purchase, the 100% equity interests in Falcon Dairy Holdings Limited ("Falcon") and its subsidiary Pure Source Dairy Farm Co., Ltd. ("Pure Source") at a total consideration of USD123,483,000, which shall be satisfied by cash. The business combination was completed on 30 June 2021. The principal activity of Falcon is investment holding, and its subsidiary Pure Source is principally engaged in raising and selling cows and calves; selling milk and dairy raw materials; acquiring forage, feed, cows and calves; selling solid and liquid sewage; planting and selling crops.

The fair values of the identifiable assets and liabilities of Falcon Dairy Holdings Limited and its subsidiary as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	USD'000
Property, plant and equipment	83,390
Right-of-use assets	106,034
Intangible assets	4
Biological assets	26,433
Long-term prepayments	789
Cash and bank balances	7,983
Trade receivables	1,889
Prepayments, deposits and other receivables	651
Inventories	5,540
Trade payables	(3,665)
Other payables and accruals	(2,861)
Lease liabilities	(95,541)

	Fair value recognised on acquisition
	USD'000
Total identifiable net assets at fair value	130,646
Gain on bargain purchase recognised in other income and gains	7,163
Satisfied by cash	123,483

The acquisition resulted in a gain on bargain purchase because the consideration of the acquisition was lower than the fair value of identifiable net assets of the business, as the business was in a loss-making position at the time of the acquisition.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition.

The Group incurred transaction costs of USD1,706,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition is as follows:

	USD'000
Cash consideration	(123,483)
Cash and bank balances acquired	7,983
Net outflow of cash and cash equivalents included in cash flows from investing activities	(115,500)
Transaction costs of the acquisition included in cash flows from operating activities	(1,706)
	(117,206)

Since the acquisition, Falcon Dairy Holdings Limited contributed USD14,693,000 to the Group's revenue and caused a loss of USD3,041,000 to the consolidated profit for the year ended 31 December 2021.

Had the business combination completed at the beginning of 2021, the Group's revenue and profit would be USD539,871,000 and USD101,490,000, respectively.

37. Financial Information of the Company

(A) Share capital and reserves of the Company

	Share Capital	Fair value Reserve of Financial Assets at fair value Through other Comprehensive Income	Share Option Reserve	Retained Profits	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Balance at 1 January 2019	313,300	–	2,503	(7,728)	308,075
Issuance of shares	130,467	–	–	–	130,467
Loss for the year	–	–	–	(762)	(762)
Other comprehensive loss for the year	–	(6,298)	–	–	(6,298)
Total comprehensive loss for the year	–	(6,298)	–	(762)	(7,060)
Equity-settled share option arrangements	–	–	919	–	919
At 31 December 2019 and 1 January 2020	443,767	(6,298)	3,422	(8,490)	432,401
Issuance of shares	40,790	–	–	–	40,790
Capital reduction	(176,055)	–	–	104,435	(71,620)
Loss for the year	–	–	–	(96,710)	(96,710)
Total comprehensive loss for the year	–	–	–	(96,710)	(96,710)
Equity-settled share option arrangements	–	–	1,246	–	1,246
At 31 December 2020 and 1 January 2021	308,502	(6,298)	4,668	(765)	306,107
Loss for the year	–	–	–	(1,686)	(1,686)
Other comprehensive loss for the year	–	(417)	–	–	(417)
Total comprehensive loss for the year	–	(417)	–	(1,686)	(2,103)
Equity-settled share option arrangements	–	–	12,491	–	12,491
At 31 December 2021 and 1 January 2022	308,502	(6,715)	17,159	(2,451)	316,495

	Share Capital	Fair value Reserve of Financial Assets at fair value Through other Comprehensive Income	Share Option Reserve	Retained Profits	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Loss for the period	–	–	–	(9,419)	(9,419)
Other comprehensive loss for the period	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	(9,419)	(9,419)
Equity-settled share option arrangements	–	–	5,695	–	5,695
At 30 June 2022	308,502	(6,715)	22,854	(11,870)	312,771

38. Notes to the Consolidated Statements of Cash Flows

(a) Major non-cash transactions

During the year of 2019, the Group had non-cash additions to share capital and deductions to merger reserve of USD130,467,000 and USD130,467,000, respectively, in respect of issuing shares to its immediate holding company in exchange for a 100% equity interest in AIH2 Pte. Ltd..

During the year of 2020, the Group had non-cash additions to share capital and deductions to merger reserve of USD26,430,000 and USD26,430,000, respectively, in respect of issuing shares to its immediate holding company in exchange for a 100% equity interest in Dongying AustAsia Beef Co., Ltd ("DYAB"). In addition, the Group had non-cash additions to share capital and deductions of loans from a shareholder of USD14,360,000 and USD14,360,000, respectively, in respect of issuing shares to its holding company in exchange for the decrease in the Group's loans from a shareholder in AIH2. Thirdly, the Group had non-cash deductions of share capital and investments in subsidiaries of USD71,620,000 and USD71,620,000, respectively, in respect of disposal of certain subsidiaries. Moreover, the Group had non-cash additions to retained profits and deductions of share capital of USD104,435,000 and USD104,435,000, respectively, in respect of offsetting against the accumulated losses.

(b) Changes in liabilities arising from financing activities

2019

	Interest-bearing bank borrowings	Lease liabilities	Loans from a shareholder	Other payables and accruals – interest payable
	USD'000	*USD'000*	*USD'000*	*USD'000*
At 1 January 2019	226,114	45,369	4,100	853
Changes from financing cash flows	(22,665)	(4,516)	4,000	–
New leases	–	4,639	–	–
Foreign exchange movement	9,044	(768)	–	–
Interest paid	–	–	–	(17,032)
Interest expense	–	3,188	–	16,885
At 31 December 2019	212,493	47,912	8,100	706

2020

	Interest-bearing bank borrowings	Lease liabilities	Loans from a shareholder	Other payables and accruals – interest payable
	USD'000	*USD'000*	*USD'000*	*USD'000*
At 1 January 2020	212,493	47,912	8,100	706
Changes from financing cash flows	(21,599)	(4,989)	31,800	–
New leases	–	1,096	–	–
Foreign exchange movement	(1,163)	3,231	–	7
Decrease from disposal of subsidiaries	(47,090)	(103)	–	(120)
Transfer to share capital	–	–	(14,360)	–
Interest paid	–	–	–	(11,908)
Interest expense	–	3,188	–	11,786
At 31 December 2020	142,641	50,335	25,540	471

2021

	Interest-bearing bank borrowings	Lease liabilities	Loans from a shareholder	Other payables and accruals – interest payable
	USD'000	*USD'000*	*USD'000*	*USD'000*
At 1 January 2021	142,641	50,335	25,540	471
Changes from financing cash flows	119,925	(14,379)	–	–
Acquisition of subsidiaries	–	95,541	–	–
New leases	–	11,272	–	–
Foreign exchange movement	5,412	2,286	–	30
Interest paid	–	–	–	(13,932)
Interest expense	–	6,101	–	15,534
At 31 December 2021	267,978	151,156	25,540	2,103

Six months ended 30 June 2021

	Interest-bearing bank borrowings	Lease liabilities	Loans from a shareholder	Other payables and accruals – interest payable
	USD'000 *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*	*USD'000* *(unaudited)*
At 1 January 2021	142,641	50,335	25,540	471
Changes from financing cash flows	104,974	(5,839)	–	–
New leases	–	6,329	–	–
Foreign exchange movement	1,891	508	–	(9)
Interest paid	–	–	–	(8,673)
Interest expense	–	1,838	–	8,515
At 30 June 2021	249,506	53,171	25,540	304

Six months ended 30 June 2022

	Interest-bearing bank borrowings	Lease liabilities	Loans from a shareholder	Other payables and accruals
	USD'000	*USD'000*	*USD'000*	*USD'000*
At 1 January 2022	267,978	151,156	25,540	2,103
Changes from financing cash flows	18,622	(6,528)	–	(289)
New leases	–	25,062	–	–
Accruals	–	–	–	2,200
Foreign exchange movement	(10,187)	(7,840)	–	76
Interest paid	–	–	–	(10,589)
Interest expense	–	4,297	–	9,949
At 30 June 2022	276,413	166,147	25,540	3,450

(c) ***Total cash outflow for leases***

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Within operating activities	2,187	1,550	1,733	1,453	1,933
Within financing activities	4,516	4,989	14,379	5,839	6,528
Total	6,703	6,539	16,112	7,292	8,461

39. Contingent Liabilities

No significant contingent liabilities were noted within the Group during the Relevant Periods.

40. Pledge of Assets

Details of the Group's assets pledged for the Group's bank loans are included in Note 31 to the Historical Financial Information.

41. Commitments

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	USD'000	*USD'000*	*USD'000*	*USD'000*
Capital commitments in respect of:				
Construction in progress	1,983	2,075	9,971	34,372
Purchase of property, plant and equipment	1,107	–	–	–
	3,090	2,075	9,971	34,372

42. Related Party Transactions

(a) The Group had the following transactions with related parties during the Relevant Periods:

		Year ended 31 December			Six months ended 30 June	
	Notes	2019	2020	2021	2021	2022
		USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Sales of products to the entity controlled by the shareholder which has significant influence over the Company						
Sales of products	*(i)*	–	6,884	18,592	8,359	10,254
Fellow subsidiaries and holding company						
Purchase of inventories	*(ii)*	21,885	23,186	19,750	6,668	11,854
Management fee expense		234	443	389	213	279
Interest expense		329	952	1,447	700	615
Rental of premises		30	–	–	–	–
Recruitment expenses		–	–	142	–	–
Other services		98	150	–	–	–
Interest income		205	255	348	173	173

Notes:

(i) The sales of products to the entity controlled by the shareholder which has significant influence over the Company were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchase of inventories mainly related to feed. The transactions have been conducted in accordance with market prices agreed between the parties.

(b) Compensation of key management personnel of the Group:

	Year ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Short term employee benefits	835	1,982	2,799	882	1,238
Share-based payment expenses	143	3,692	15,026	3,979	6,332
Total compensation paid to key management personnel	978	5,674	17,825	4,861	7,570

Further details of directors' and the chief executive's emoluments are included in Note 9 to the Historical Financial Information.

(c) Outstanding balances with related parties

Details of the Group's outstanding balances with related parties as at the end of each of the Relevant Periods are disclosed in notes 23, 26, 27 and 29 to the Historical Financial Information.

43. Financial Instruments By Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2019

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Cash and cash equivalents	–	–	51,204	51,204
Pledged deposits	–	–	3,435	3,435
Trade receivables	–	–	52,050	52,050
Deposits and other receivables	–	–	822	822
Long-term receivable	–	–	13,151	13,151
Derivative financial instruments	25	–	–	25
Equity investment designated at fair value through other comprehensive income	–	1,233	–	1,233
Total	25	1,233	120,662	121,920

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Trade payables	–	85,987	85,987
Financial liabilities included in other payables and accruals	–	15,478	15,478
Loans from a shareholder	–	8,100	8,100
Interest-bearing bank borrowings	–	212,493	212,493
Lease liabilities	–	47,912	47,912
Derivative financial instruments	2,855	–	2,855
Total	2,855	369,970	372,825

As at 31 December 2020

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Cash and cash equivalents	–	43,317	43,317
Pledged deposits	–	1,622	1,622
Trade receivables	–	36,094	36,094
Deposits and other receivables	–	165	165
Long-term receivable	–	16,407	16,407
Equity investment designated at fair value through other comprehensive income	1,233	–	1,233
Total	1,233	97,605	98,838

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Trade payables	–	54,942	54,942
Financial liabilities included in other payables and accruals	–	21,362	21,362
Loans from a shareholder	–	25,540	25,540
Interest-bearing bank borrowings	–	142,641	142,641
Lease liabilities	–	50,335	50,335
Derivative financial instruments	3,947	–	3,947
Total	3,947	294,820	298,767

As at 31 December 2021

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Cash and cash equivalents	–	22,145	22,145
Pledged deposits	–	1,103	1,103
Trade receivables	–	46,600	46,600
Deposits and other receivables	–	416	416
Long-term receivable	–	11,855	11,855
Equity investment designated at fair value through other comprehensive income	816	–	816
Total	816	82,119	82,935

Financial liabilities

	Financial liabilities at fair value through other comprehensive income	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Trade payables	–	79,640	79,640
Financial liabilities included in other payables and accruals	–	36,891	36,891
Loans from a shareholder	–	25,540	25,540
Interest-bearing bank borrowings	–	267,978	267,978
Lease Liabilities	–	151,156	151,156
Total	–	561,205	561,205

As at 30 June 2022

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Cash and cash equivalents	–	47,155	47,155
Pledged deposits	–	885	885
Trade receivables	–	41,273	41,273
Deposits and other receivables	–	1,046	1,046
Long-term receivable	–	12,028	12,028
Equity investment designated at fair value through other comprehensive income	816	–	816
Total	816	102,387	103,203

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	USD'000	*USD'000*	*USD'000*
Trade payables	–	75,345	75,345
Financial liabilities included in other payables and accruals	–	41,711	41,711
Loans from a shareholder	–	25,540	25,540
Interest-bearing bank borrowings	–	276,413	276,413
Lease liabilities	–	166,147	166,147
Total	–	585,156	585,156

44. Fair Value Measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged deposits, trade receivables, deposits and other receivables, derivative financial instruments, trade payables, other payables, short-term interest-bearing bank borrowings and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of long-term receivable, long-term interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for long-term receivable, interest-bearing bank and other borrowings as at the year end were assessed to be insignificant.

The fair values of unlisted equity investment designated at fair value through other comprehensive income have been estimated using the market approach. The market approach indicates the value of a company based on a comparison of the valuation subject to comparable publicly traded companies and transactions in the similar field of business. This may be done by looking at key value indicators, such as multiples to earnings, book value, sales and cash flows, after taking into consideration relevant adjustment factors to reflect the differences between the subject company and the comparable companies. The Group has adopted the Guideline Company Method ("GCM") in deciding the fair value of its investment in FUAA. GCM indicates that the market value of the shares of a business by comparing it to publicly traded companies in similar lines of business. The conditions and prospects of companies in similar lines of business depend on common factors such as overall demand for their products and services. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with good credit ratings. Derivative financial instruments, including interest rate swaps and forward currency contracts are measured using quoted prices from financial institutions with which the interest rate swaps and forward currency contracts are entered into. The carrying amounts of interest rate swaps and forward currency contracts are the same as their fair values.

Below is a summary of significant unobservable inputs to the valuation of biological assets and other financial asset which was measured in level 3 as at 31 December 2019, 2020 and 2021 and 30 June 2022:

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Heifers and calves	The fair value of 14 months old heifers and calves is determined by reference to the local market selling price.	Estimated local market selling price of 14 months old heifers was RMB19,000, RMB19,000, RMB19,500 and RMB21,000 per head as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the estimated local market selling price used would result in increase in the fair value measurement of the heifers and calves, and vice versa.
	For age groups of heifers and calves younger than 14 months old, incremental costs required to raise the cows from their respective age at the end of each of the Relevant Periods to 14 months were subtracted.	Incremental costs for the age younger than 14 months old ranged from RMB8,947 to RMB15,840, RMB8,947 to RMB15,451, RMB8,453 to RMB16,882 and RMB9,562 to RMB18,243 per head as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the incremental costs used would result in a decrease in the fair value measurement of heifers and calves younger than 14 months, and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
	For heifers and calves between 14 and 24 months, incremental costs required to raise the heifers from 14 months to their respective age at the end of each of Relevant Periods were added.	Incremental costs for heifers and calves between 14 and 24 months were RMB13,038, RMB12,885, RMB12,976 and RMB13,029 per head as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the incremental costs used would result in an increase in the fair value measurement of heifers and calves between 14 and 24 months, and vice versa.
Milkable cows	The fair values of milkable cows are determined using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process ranged from RMB1.80 to RMB2.30, RMB1.90 to RMB2.40, RMB2.20 to RMB2.70 and RMB2.22 to RMB2.94 as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the estimated feed costs per kg of raw milk used would result in a decrease in the fair value measurement of the milkable cows, and vice versa.
		A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield per head at each lactation cycle ranges from 26kg to 40kg, 27kg to 38kg, 25kg to 38kg and 26kg to 38kg as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the estimated average daily milk yield per head used would result in an increase in the fair value measurement of milkable cows, and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
		Estimated average prices of raw milk per kg ranged from RMB4.00 to RMB4.60, RMB4.10 to RMB4.80, RMB4.54 to RMB5.26 and RMB4.56 to RMB5.29 as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the estimated average price of raw milk would result in an increase in the fair value measurement of milkable cows, and vice versa.
		Discount rate for estimated future cash flows used was 12%, 12%, 12% and 12% as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the estimated discount rate used would result in a decrease in the fair value measurement of milkable cows and vice versa.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Beef cattle	The fair value of newborn beef cattle and mature beef cattle were determined by reference to the local market selling price.	Estimated local market selling prices of newborn beef cattle per head ranged from RMB1,500 to RMB2,700, RMB2,000 to RMB2,930, RMB2,000 to RMB2,930 and RMB2,000 to RMB2,930 as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the estimated local market selling prices of newborn beef cattle used would result in an increase in the fair value measurement of beef cattle, and vice versa.
		Estimated local market selling prices of mature beef cattle per head ranged from RMB17,820 to RMB20,800, RMB19,320 to RMB25,360, RMB21,076 to RMB29,145 and RMB22,355 to RMB29,880 as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
	The fair value of immature beef cattle was determined by reference to the local market selling price of newborn beef cattle and mature beef cattle, adjusted by the estimated incremental daily gain in weights at the end of each of Relevent Periods.	The average daily gain in weight per head ranged from 0.90kg to 1.50kg, 0.92kg to 1.37kg, 0.87kg to 1.43kg and 0.87kg to 1.43kg as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.	An increase in the average daily gain in weight per head would result in the increase in the fair value measurement of the immature beef cattle, and vice versa.
Equity investment designated at fair value through other comprehensive income	The fair value of equity investment designated at fair value through other comprehensive income is estimated using the market approach. Fair value is estimated based on value of comparable listed companies and discounted for lack of liquity.	Lack of marketability discount ("LoMD")	An increase in the LoMD would result in a decrease in the fair value measurement of the unquoted equity investment. If the LoMD increases by 1%, the estimated fair value of equity investment will decrease by USD15,000, USD15,000, USD9,000 and USD9,000 as at 31 December 2019, 2020, 2021 and 30 June 2022, respectively.

Fair value hierarchy

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Assets:

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Equity investment designated at fair value through other comprehensive income	–	–	1,233	1,233
Derivative financial instruments	–	25	–	25
Biological assets – current	–	–	24,178	24,178
Biological assets – non current	–	–	361,829	361,829
	–	25	387,240	387,265

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Equity investment designated at fair value through other comprehensive income	–	–	1,233	1,233
Biological assets – current	–	–	33,524	33,524
Biological assets – non current	–	–	386,302	386,302
	–	–	421,059	421,059

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Equity investment designated at fair value through other comprehensive income	–	–	816	816
Biological assets – current	–	–	49,217	49,217
Biological assets – non current	–	–	477,697	477,697
	–	–	527,730	527,730

As at 30 June 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Equity investment designated at fair value through other comprehensive income	–	–	816	816
Biological assets – current	–	–	62,865	62,865
Biological assets – non current	–	–	497,633	497,633
	–	–	561,314	561,314

Liabilities:

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Derivative financial instruments	–	2,855	–	2,855

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Derivative financial instruments	–	3,947	–	3,947

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both assets and liabilities.

The movements in fair value measurements of biological assets within Level 3 during the Relevant Periods are disclosed in Note 22.

45. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate risk and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the Historical Financial Information.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's obligations with a floating interest rate. The Group closely monitors its interest rate risk by performing periodic reviews and evaluations of its debt portfolio and gearing ratio. The interest rates and terms of repayment of the bank loans of the Group are disclosed in Note 31 to the Historical Financial Information. The Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. In the opinion of management, the Group has no significant interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/(decrease) In basis points	**Increase/(decrease) in profit before tax**	**Increase/(decrease) in equity***
	%	*USD'000*	*USD'000*
2019			
RMB	0.5	107	–
Indonesian Rupiah	0.5	305	–
RMB	(0.5)	(107)	–
Indonesian Rupiah	(0.5)	(305)	–
2020			
RMB	0.5	476	–
RMB	(0.5)	(476)	–
2021			
RMB	0.5	1,357	–
RMB	(0.5)	(1,357)	–
Six months ended 30 June 2022			
RMB	0.5	1,395	–
RMB	(0.5)	(1,395)	–

* Excluding retained profits

Foreign currency risk

The Group's exposure to foreign currency risk relates principally to the Group's subsidiaries in Mainland China, Indonesia, Singapore, Hong Kong and Malaysia where some of the transactions are denominated in United States Dollar ("USD") and Singapore Dollar ("SGD"). The functional currencies of the Group's subsidiaries in Mainland China, Indonesia, Singapore, Hong Kong and Malaysia are Chinese Renminbi ("RMB"), Indonesia Rupiah ("RPH"), SGD, Hong Kong Dollar ("HKD") and Malaysia Ringgit ("RM"), respectively.

Therefore, the fluctuations in the exchange rate could affect the Group's results of operations. The Group entered into forward currency contracts to hedge foreign currency risk arising from the Group's bank loans denominated in USD as disclosed in Note 31. In the opinion of management, the Group has no significant foreign currency risk.

The following table demonstrates the sensitivity of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group's entities, with all other variables held constant.

	Increase/(decrease) in USD rate	**Increase/(decrease) in profit before tax**	**Increase/(decrease) in equity**
	%	*USD'000*	*USD'000*
2019			
If the USD weakens against the RMB	(5)	54	54
If the USD strengthens against the RMB	5	(54)	(54)
If the USD weakens against the RPH	(5)	52	52
If the USD strengthens against the RPH	5	(52)	(52)
If the USD weakens against the SGD	(5)	99	99
If the USD strengthens against the SGD	5	(99)	(99)
2020			
If the USD weakens against the RMB	(5)	545	545
If the USD strengthens against the RMB	5	(545)	(545)

	Increase/(decrease) in USD rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*USD'000*	*USD'000*
2021			
If the USD weakens against the RMB	(5)	326	326
If the USD strengthens against the RMB	5	(326)	(326)
Six months ended 30 June 2022			
If the USD weakens against the RMB	(5)	628	628
If the USD strengthens against the RMB	5	(628)	(628)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year/period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification at the end of each of the Relevant Periods.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables*	–	–	–	52,050	52,050
Financial assets included in prepayments, other receivables and other assets					
– Normal**	822	–	–	–	822
Long-term receivable	13,151	–	–	–	13,151
Pledged deposits					
– Not yet past due	3,435	–	–	–	3,435
Cash and cash equivalents					
– Not yet past due	51,204	–	–	–	51,204
	68,612	–	–	52,050	120,662

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables*	–	–	–	36,094	36,094
Financial assets included in prepayments, other receivables and other assets					
– Normal**	165	–	–	–	165
Long-term receivable	16,407	–	–	–	16,407
Pledged deposits					
– Not yet past due	1,622	–	–	–	1,622
Cash and cash equivalents					
– Not yet past due	43,317	–	–	–	43,317
	61,511	–	–	36,094	97,605

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables*	–	–	–	46,600	46,600
Financial assets included in prepayments, other receivables and other assets					
– Normal**	416	–	–	–	416
Long-term receivable	–	11,855	–	–	11,855
Pledged deposits					
– Not yet past due	1,103	–	–	–	1,103
Cash and cash equivalents					
– Not yet past due	22,145	–	–	–	22,145
	23,664	11,855	–	46,600	82,119

As at 30 June 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Trade receivables*	–	–	–	41,273	41,273
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,046	–	–	–	1,046
Long-term receivable	–	12,028	–	–	12,028
Pledged deposits					
– Not yet past due	885	–	–	–	885
Cash and cash equivalents					
– Not yet past due	47,155	–	–	–	47,155
	49,086	12,028	–	41,273	102,387

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 23 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

At the end of each of the Relevant Periods, certain concentrations arose from credit risk of the Group's trade receivables due from the Group's five largest customers as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Six months ended 30 June 2022
Customer A	34%	26%	N/A*	N/A*
Customer B	8%	14%	26%	24%
Customer C	7%	26%	26%	18%
Customer D	3%	9%	N/A*	N/A*
Customer E	3%	N/A*	N/A*	N/A*
Customer F	N/A*	6%	7%	N/A*
Customer G	N/A*	N/A*	10%	11%
Customer H	N/A*	N/A*	4%	N/A*
Customer I	N/A*	N/A*	N/A*	6%
Customer J	N/A*	N/A*	N/A*	6%
	55%	81%	73%	65%

* The corresponding trade receivables due from these customers were not the Group's largest five at the end of each of the Relevant Periods.

Concentrations of credit risk are managed by establishing credit verification procedures. Management determines that there are minimal concentrations of credit risk within the Group as the customers of the Group's trade receivables are recognised and creditworthy.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 23 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

Group

	As at 31 December 2019			
	On demand or Less than 1 year	1 to 5 years	Over 5 years	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	5,747	18,538	82,411	106,696
Interest-bearing bank borrowings	99,948	139,547	–	239,495
Loans from a shareholder	4,377	4,502	–	8,879
Trade payables	85,987	–	–	85,987
Financial liabilities included in other payables and accruals	15,478	–	–	15,478
Derivative financial instruments	996	1,859	–	2,855
	212,533	164,446	82,411	459,390

	As at 31 December 2020			
	On demand or Less than 1 year	1 to 5 years	Over 5 years	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	8,237	19,335	83,740	111,312
Interest-bearing bank borrowings	123,331	87,008	–	210,339
Loans from a shareholder	3,797	25,414	–	29,211
Trade payables	54,942	–	–	54,942
Financial liabilities included in other payables and accruals	21,362	–	–	21,362
Derivative financial instruments	3,947	–	–	3,947
	215,616	131,757	83,740	431,113

	As at 31 December 2021			
	On demand or Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	15,313	51,932	224,527	291,772
Interest-bearing bank borrowings	80,281	229,014	–	309,295
Loans from a shareholder	8,062	21,033	–	29,095
Trade payables	79,640	–	–	79,640
Financial liabilities included in other payables and accruals	23,245	15,685	–	38,930
	206,541	317,664	224,527	748,732

	As at 30 June 2022			
	On demand or less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Lease liabilities	22,677	55,582	232,308	310,567
Interest-bearing bank borrowings	113,939	194,423	–	308,362
Loans from a shareholder	7,776	22,013	–	29,789
Trade payables	75,345	–	–	75,345
Financial liabilities included in other payables and accruals	28,440	14,904	–	43,344
	248,177	286,922	232,308	767,407

Interest rate benchmark reform

As at 31 December 2019, 2020, 2021 and 30 June 2022, the Group had certain loans from a shareholder and long-term receivables denominated in United States dollars. The interest rates of these instruments are based on the LIBOR with a tenor of one or six months, which will cease to be published after 30 June 2023. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract.

- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group).

The information about financial instruments based on an interbank offered rate that has yet to transition to an alternative benchmark rate is as follows:

As at 31 December 2019

	Non-derivative financial assets – carrying value	Non-derivative financial liabilities – carrying value
	USD'000	*USD'000*
Long-term receivable	12,469	–
Loans from a shareholder	–	8,100

As at 31 December 2020

	Non-derivative financial assets – carrying value	Non-derivative financial liabilities – carrying value
	USD'000	*USD'000*
Long-term receivable	15,469	–
Loans from a shareholder	–	25,540

As at 31 December 2021

	Non-derivative financial assets – carrying value	Non-derivative financial liabilities – carrying value
	USD'000	*USD'000*
Long-term receivable	15,469	–
Loans from a shareholder	–	25,540

As at 30 June 2022

	Non-derivative financial assets – carrying value	Non-derivative financial liabilities – carrying value
	USD'000	*USD'000*
Long-term receivable	15,469	–
Loans from a shareholder	–	25,540

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by capital. Debt includes interest-bearing bank borrowings, loans from a shareholder, and lease liabilities. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			**As at 30 June**
	2019	**2020**	**2021**	**2022**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Interest-bearing bank borrowings (current and non-current)	212,493	142,641	267,978	276,413
Loans from a shareholder	8,100	25,540	25,540	25,540
Lease liabilities (current and non-current)	47,912	50,335	151,156	166,147
Debt	268,505	218,516	444,674	468,100
Equity attributable to owners of the parent	565,548	651,669	786,192	779,511
Gearing ratio	48%	34%	57%	60%

46. Events after the Relevant Periods

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2022.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 30 June 2022.

The following information does not form part of the Accountant's Report from the Company's reporting accountant, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to equity holders of the Company as if the Global Offering had taken place on 30 June 2022. This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 30 June 2022 or any future dates:

	Consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2022	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	US$'000	*US$'000*	*US$'000*	*US$*	*HK$*
Based on the Offering Price of HK$5.79 per Offer Share	778,880	14,934	793,814	1.16	8.99
Based on the Offering Price of HK$7.00 per Offer Share	778,880	19,649	798,529	1.17	9.12

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as of 30 June 2022 are based on the audited consolidated net assets of the Group attributable to owners of the Company amounted to US$779,511,000, deducted by intangible assets of US$631,000, extracted from the Accountants' Report set out in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on 30,640,000 Offer Shares at indicative Offer Prices of HK$5.79 and HK$7.00 per Offer Share, being the low-end and high-end of the Offer Price Range, respectively, after deduction of the estimated underwriting commissions and fees and other related expenses which are not recorded in the consolidated statements of profit or loss. It does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

(3) For the purpose of this unaudited pro forma financial information, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into U.S. dollars at an exchange rate of US$1 to HK$7.7786. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to U.S. dollars, or vice versa, at that rate or at all.

(4) Based on the Offering Price of HK$5.79 per Offer Share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 30 June 2022 per Share have been arrived on the basis of a total of 686,759,178 Shares, taking into account 336,111,968 existing Shares in issue; and assuming that 336,111,968 Shares to be divided into 621,807,139 Shares based on 1-for-1.85 share split approved by the Board on 5 December 2022, 34,312,039 Shares from the capitalisation of loans from the holding company and 30,640,000 Offer Shares to be issued pursuant to the Global Offering had been completed on 30 June 2022. It does not take into account of any Shares which may be issued pursuant to Share Plans after 30 June 2022, any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

(5) Based on the Offering Price of HK$7.00 per Offer Share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 30 June 2022 per Share have been arrived on the basis of a total of 680,828,097 Shares, taking into account 336,111,968 existing Shares in issue; and assuming that 336,111,968 Shares to be divided into 621,807,139 Shares based on 1-for-1.85 share split approved by the Board on 5 December 2022, 28,380,958 Shares from the capitalisation of loans from the holding company and 30,640,000 Offer Shares to be issued pursuant to the Global Offering had been completed on 30 June 2022. It does not take into account of any Shares which may be issued pursuant to Share Plans after 30 June 2022, any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 30 June 2022 to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2022.

(7) Our unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as of 30 June 2022 is converted from U.S. dollars to Hong Kong dollars at an exchange rate of US$1 to HK$7.7786. No representation is made that U.S. dollars have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the Company's reporting accountant, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

EY 安永

To the Directors of AustAsia Group Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of AustAsia Group Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2022, and related notes as set out in Part A of Appendix II to this prospectus (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note in Part A of Appendix II.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 June 2022 as if the transaction had taken place at 30 June 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2022, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

Ernst & Young
Certified Public Accountants
Hong Kong

16 December 2022

A. REGULATORY OVERVIEW

The following is a brief summary of the key laws and regulations in the PRC that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as at the date of this prospectus, which may be subject to change.

Policies Relating to Foreign Investment

The Catalogue of Industries for Encouraged Foreign Investment (2020 Version) (鼓勵外商投資產業目錄 (2020年版)) (the "**Encouraged Catalogue**") was promulgated on 27 December 2020 and implemented on 27 January 2021, and was last amended on 26 October 2022 and will take effect on 1 January 2023. The Special Administrative Measures for the Market Entry of Foreign Investment(2021 Version) (外商投資准入特別管理措施(負面清單) (2021年版)) (the "**Negative List**") was promulgated on 27 December 2021 and implemented on 1 January 2022. Our PRC subsidiaries do not engage in any industry that the Negative List has included.

Policies Relating to Modern Husbandry and Dairy Industry

The State Council of the PRC (中華人民共和國國務院) (the "**State Council**"), the Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部) (formerly known as the Ministry of Agriculture of the PRC, 原中華人民共和國農業部) (the "**MOA**"), the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the "**NDRC**") and the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "**MIIT**") have promulgated a series of policies aiming at promoting the sustained and healthy development of modern husbandry and dairy industry. These policies include, among others, the Opinions of the State Council on the Promotion of Sustainable and Healthy Development of Husbandry (國務院關於促進畜牧業持續健康發展的意見) promulgated by the State Council on 26 January 2007, the Opinions of the State Council on the Promotion of Sustainable and Healthy Development of the Dairy Industry (國務院關於促進奶業持續健康發展的意見) promulgated by the State Council on 27 September 2007, the Notice of the General Office of the State Council Regarding the Transmittal of the Outlines of the Restructuring and Revitalisation Plan for the Dairy Industry Issued by NDRC and Other Ministries (國務院辦公廳關於轉發發展改革委員會等部門奶業整頓和振興規劃綱要的通知) issued by the General Office of the State Council on 7 November 2008, the Opinions of the MOA on the Promotion of the Development of Modern Livestock and Poultry Breeding Industry (農業部關於促進現代畜禽種業發展的意見) promulgated by MOA on 22 June 2016, the Several Opinions of the MOA and Other Ministries on Further Promotion of the Revitalisation of Dairy Industry (農業農村部等關於進一步促進奶業振興的若干意見) promulgated on 24 December 2018, Guidelines on Prioritising the Development of Agriculture and Rural Areas and Accomplishing the Work Relating to Agriculture, Rural Areas and Rural Residents (關於堅持農業農村優先發展做好"三農"工作的若干意見) promulgated by the State Council on 3 January 2019, the Opinions of the General Office of the State Council on Promoting the High-quality Development of the Animal Husbandry Industry (國務院辦公廳關於促進畜牧業高質量發展的意見) promulgated by the State Council on 14 September 2020, and the Notice of Promoting agricultural and Rural Modernisation during the 14th Five-Year Plan (國務院關於印發"十四五"推進農業農村現代化規劃的通知) promulgated on 12 November 2021.

The aforementioned governmental policies call for consolidation, improvement of industrialisation and specialisation level of the animal husbandry industry and dairy industry, optimising the production layout of the dairy industry, innovating the development mode of the dairy industry, improving the production and operation system based on large-scale dairy farmers' breeding, and transforming breeding, promoting the large-scale planting and production of high-quality forage grass, including alfalfa hay, raising pattern of livestock and poultry, and continuously enhancing the quality efficiency and competitiveness of animal husbandry. Furthermore, a series of governmental preferential policies and incentives related to the husbandry and dairy industry are set for related parties to refer to.

Large-Scale Animal Raising And Breeding Industry

Disease Prevention

According to the Animal Epidemic Prevention Law of the PRC (中華人民共和國動物防疫法, "**Epidemic Prevention Law**"), which was promulgated on 3 July 1997 and last amended on 22 January 2021 and the Measures for the Examination of Animal Epidemic Prevention Conditions (動物防疫條件審查辦法), which was promulgated by the MOA on 21 January 2010 and became effective on 1 May 2010, last amended on 22 August 2022 and became effective on 1 December 2022, entities and individuals who are engaged in animal raising, slaughtering, marketing, isolation, transportation and animal products production, management, processing, storage and other activities shall conform to the provisions of the competent department of agriculture and rural areas of the State Council, undergo animal epidemic prevention work such as immunity, disinfection, detection, isolation, purification, destruction, disposal, and bear the responsibility for animal epidemic prevention. The operators of an animal breeding farm shall apply to the administrative departments of agriculture and rural areas under the people's government at the county level for a certificate for meeting animal epidemic prevention conditions.

According to the Epidemic Prevention Law, entities and individuals that find quarantinable epidemic animals or suspected quarantinable epidemic shall immediately report to the local department in charge of agriculture and rural areas or animal epidemic prevention and control institutions, and rapidly take control measures such as isolation, in order to prevent the spread of the epidemic.

Fresh Milk Production and Procurement

According to the Administrative Measures for Fresh Milk Production and Procurement (生鮮乳生產收購管理辦法), which was promulgated by the MOA and became effective on 7 November 2008, the production, purchase, storage, transportation and sale of fresh milk shall conform to the national quality safety standards for dairy products. Entities or individuals engaged in the dairy animal breeding shall not add animal-derived ingredients (excluding milk and dairy products) into animal feeds, feed additives or veterinary drugs, nor shall they add any substances that are directly or potentially harmful to human beings or animals. Dairy production enterprises, dairy animal breeders, specialised dairy production cooperatives for farmers who wish to open fresh milk purchase stations shall meet the statutory conditions and apply to the administrative department for animal husbandry and veterinary medicine under the people's government at the county level where they are located for a raw fresh milk purchase licence.

Record Filing of Livestock and Poultry Breeding Farms

The Animal Husbandry Law of PRC (中華人民共和國畜牧法) (the "**Animal Husbandry Law**"), which became effective on 1 July 2006, lastly amended on 30 October 2022, and will become effective on 1 March 2023, is enacted for the purpose of regulating the production and business operations of animal husbandry, ensuring the quality and safety of livestock and poultry products, protecting and reasonably utilising the genetic resources of livestock and poultry, cultivating and promoting good varieties of livestock and poultry, promoting the revitalisation of livestock and poultry seed industry, safeguarding the legitimate rights and interests of livestock production operators, guarding against public health risks, and promoting the development of animal husbandry in high quality. The founder of a breeding farm or small-scale breeding village shall submit the name of the farm or small-scale breeding village, the address, the strains of the livestock and poultry as well as the scale of breeding to the competent agricultural and rural authorities of the people's government at the county level where the livestock or poultry farm is located for the record, and obtain labels and code for the livestock and poultry.

The detailed rules of the labels of livestock and poultry and their breeding files are regulated by the Administrative Measures for the Labels of Livestock and Poultry and Breeding Files (畜禽標識和養殖檔案管理辦法), which was promulgated by the MOA on 26 June 2006 and became effective on 1 July 2006.

Licence for Production and Operation of Breeding Livestock and Poultry

Pursuant to the Animal Husbandry Law, to engage in the production and business operation of breeding livestock and poultry or in the production of young commercial livestock and poultry, an entity or individual shall obtain a licence for the production and business operation of breeding livestock and poultry.

To apply for a licence for the production and business operation of breeding livestock and poultry, an applicant shall meet the following conditions: (i) the breeding livestock and poultry for production and business operations shall fall within the species or genetic improvement system as examined and approved or appraised by the National Commission for Livestock and Poultry Genetic Resources, or shall fall within the species or genetic improvement system as imported from abroad upon approval; (ii) having animal husbandry and veterinary technicians that can meet the needs of production and business operations; (iii) having breeding facilities and equipment that can meet the needs of production and business operations; (iv) satisfying the livestock and poultry disease prevention conditions as described in the laws, administrative regulations, as well as the provisions of the competent agricultural and rural authorities under the State Council; (v) having a sound quality management and breeding record system; and (vi) other conditions as described in the laws and administrative regulations.

Water Resource

Pursuant to the Water Law of the PRC (中華人民共和國水法) promulgated on 21 January 1988 and latest amended on 2 July 2016, the Regulations on the Administration of the Water Abstraction Licensing and the Levy of Water Resources Fees (取水許可和水資源費徵收管理條例) promulgated on 21 February 2006 and amended on 1 March 2017, and the Measures for the Administration of Water Abstraction Licensing (取水許可管理辦法) promulgated on 9 April 2008 and last amended on 22 December 2017, water abstraction is defined as abstracting water resources directly from rivers, lakes or underground by means of water-abstracting projects or installations. Any entity or individual that abstracts water resources shall, except for certain circumstances, apply for and obtain a water abstraction licence and pay water resources fees. An applicant may not build water abstraction engineering structures or facilities until its application for water abstraction has been approved by the approval authority. The water abstraction permit is generally valid for 5 years, with the maximum of 10 years. The amount of water resource fee shall be determined according to the water resource fee collection standard and the actual amount of water withdrawn at the location of the water abstraction. For water abstraction that exceeds the planned volume, water resources fees shall be charged progressively on the excessive part.

Quality and Safety Management

Food Safety

The Food Safety Law of the PRC (中華人民共和國食品安全法) (the "**Food Safety Law**") was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") on 28 February 2009 and was last amended on 29 April 2021. The Regulation on the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) was promulgated by the State Council on 20 July 2009 and was last amended on 11 October 2019.

The Food Safety Law is formulated to ensure food safety and the safety of the public. Food manufacturers or sellers shall engage in production or marketing activities in accordance with laws, regulations and food safety standards. According to the Food Safety Law, the State shall maintain a system for whole-process traceability of food.

Product Quality Law in General

The Product Quality Law of the PRC (中華人民共和國產品質量法) (the "**Product Quality Law**") promulgated by the SCNPC on 22 February 1993 and last amended on 29 December 2018 is the principal law governing the supervision and administration of product quality and applies to all production and marketing activities within the territory of the PRC. The Product Quality Law is enacted for the purpose of strengthening supervision and control over product quality, raising the level of product quality, clarifying the responsibility for product quality, protecting the legitimate rights and interests of consumers, and safeguarding the social and economic order.

According to the Product Quality Law, manufacturers are liable for the quality of products they produce and sellers shall take measures to maintain the quality of the products they sold.

The manufacturer shall be liable to compensate for any bodily harm or damage to property (other than the defective product itself) caused by the defective products of the manufacturer unless the manufacturer is able to prove that: (i) the product has not been put into circulation; (ii) the defect does not exist at the time when the product is put into circulation; or (iii) the level of scientific or technology at the time when the product is put into circulation cannot detect the existence of the defect.

Agriculture Products Safety

The Law of the PRC on Quality and Safety of Agricultural Products (中華人民共和國農產品質量安全法) (the "**Agricultural Products Safety Law**"), which was promulgated by the SCNPC on 29 April 2006, amended and became effective on 26 October 2018, and last amended on 2 September 2022 the amendments of which will become effective on 1 January 2023, governs the supervision and administration of the quality and safety of primary agricultural products, which are derived from plants, animals, micro-organisms and other products obtained in the course of agricultural activities. The

Agricultural Products Safety Law regulates the agricultural products in the following aspects including (i) risk management and standards of agricultural products safety; (ii) origin of agricultural products; (iii) production of agricultural products; and (iv) sales of agricultural products.

Quality of Dairy Products

According to the Regulation on the Supervision and Administration of the Quality Safety of Dairy Products (乳品質量安全監督管理條例), which was promulgated by the State Council and became effective on 9 October 2008, dairy animal breeders, fresh milk purchasers, dairy production enterprises and sellers are the first responsible persons who shall assume responsibility for the quality safety of the dairy products produced, purchased, transported and sold by them. It is forbidden: (i) to add any substance during the process of production, purchase, storage, transport and sale of fresh milk; or (ii) to add any non-edible chemical substance or any other substance that may harm human health in the production of dairy products.

The State Council also promulgated the Opinions on Revitalisation of the Dairy Industry and Ensuring Quality and Safety of Dairy Products (關於推進奶業振興保障乳品質量安全的意見), which became effective on 3 June 2018, to promote the revitalisation of dairy industry, to ensure the quality and safety of dairy products, to enhance the confidence of the general public on domestic dairy products, and to further enhance the competitiveness of dairy industry.

Work Safety

The Work Safety Law of the PRC (中華人民共和國安全生產法) (the "**Work Safety Law**"), which was promulgated on 29 June 2002, and last amended on 10 June 2021 and became effective on 1 September 2021, governs the supervision and administration of work safety in the PRC. The Work Safety Law requires production entities (生產經營單位) to meet the relevant legal requirements such as providing their staff with education and training, strengthening work safety control, setting up and improving the responsibility system for work safety for all employees, increasing the input and guarantee of funds, materials, technologies, and personnel in terms of work safety, promoting the standardisation of work safety, building a dual prevention mechanism of level-to-level safety risk management and hidden danger identification, and improving the risk prevention and resolution mechanism. Any production entities that fails to meet the legal requirements shall not be allowed to engage in production activities in the PRC. Violation of the Work Safety Law may result in the imposition of fines, penalties, suspension or cessation of operations, or even criminal liabilities in severe cases. In the event of a general accident (一般事故), apart from requiring the liable production entity to bear corresponding compensation according to law, the work safety regulatory departments shall impose fines of more than RMB200,000 but less than RMB500,000 according to the then effective Work Safety Law which was amended on 31 August 2014, or more than RMB300,000 but less than RMB1 million according to the currently effective Work Safety Law which was amended on 10 June 2021.

The Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (生產安全事故報告和調查處理條例) (the "**Work Safety Accidents Regulation**"), which was promulgated by the State Council on 9 April 2007, and became effective on 1 June 2007, regulates the reporting, investigation and handling of work safety accidents, implements the liability system for work safety accidents and prevents work safety accidents. According to the Work Safety Accidents Regulation, work safety accidents are categorised as follows:

- particularly major safety accidents (特別重大事故) refer to accidents that cause more than 30 deaths, or serious injuries of more than 100 people (including acute industrial poisoning, hereinafter the same), or direct economic losses of more than RMB100 million;

- major safety accidents (重大事故) refer to accidents that cause more than ten deaths but less than 30 deaths, or serious injuries of more than 50 people but less than 100 people, or direct economic losses of more than RMB50 million but less than RMB100 million;

- relatively major safety accidents (較大事故) refer to accidents that cause more than three deaths but less than ten deaths, or serious injuries of more than ten people but less than 50 people, or direct economic losses of more than RMB10 million but less than RMB50 million; and

- general accidents (一般事故) refer to accidents that cause less than three deaths, or serious injuries of less than ten people, or direct economic losses of less than RMB10 million.

Land Use

There are two kinds of ownership of the land in China, as defined in the Land Administration Law (中華人民共和國土地管理法) which was promulgated by the SCNPC on 25 June 1986, last amended on 26 August 2019, and became effective on 1 January 2020. Land in urban areas is owned by the State. Land in rural and suburban areas, except those of which the ownership belongs to the State according to the law, is collectively owned by villagers; and homestead and private plots in fields or on hillsides are collectively owned by villagers.

State-owned Land

Enterprises that wish to use state-owned land shall get it by means such as grant, allocation and lease. The most common mean is for the enterprise to enter into state-owned land grant contract and pay for the land premium.

In certain circumstance, enterprise can also lease the state-owned land. According to the Opinions on Standardising State-owned Land Lease (規範國有土地租賃若干意見) effective on 27 July 1999, land users can conclude a lease contract with local land authorities and pay for the lease.

Collectively Owned Land by Villagers

According to the Land Contract in Rural Areas of the PRC (中華人民共和國農村土地承包法) (the "**Rural Land Contracting Law**") which was promulgated on 29 August 2002, last amended on 29 December 2018, and became effective on 1 January 2019, China applies the contractual management system in respect of land in rural areas. Contractors of rural land can be members of the economic collective that owns or uses the relevant land, or enterprises and individuals outside the economic collective. The contracting term for arable land shall be 30 years, for grassland shall be between 30 to 50 years, and for forestland shall be between 30 to 70 years.

According to the Rural Land Contracting Law, the decision to contract the rural land to an enterprise or individual that is not a member of the economic collective which owns the land must be made in accordance with relevant procedures, which require (i) the approval by at least two-thirds of the members of the economic collective or two-thirds of the representatives for members of the economic collective, and (ii) the approval by the competent government at the township level.

Circulation of Rural Land

The Rural Land Contracting Law also provide that a contractor of rural land may circulate its right to operate the contracted land through subcontracting, leasing or other means. The circulation of the land operation right shall comply with, among other things, the following principles:

- such transfer must be based on voluntary negotiation between the contractor and the transferee;
- such transfer must not alter the (i) nature of the ownership or (ii) agricultural usage of the contracted land;
- the term of transfer may not exceed the remainder of the contracting term;
- the transferee must be capable of conducting agricultural production activities; and
- members of the same economic collective shall enjoy priority in obtaining the right to operate the contracted land under same conditions.

According to the Measures for the Administration of the Circulation of the Rural Land Contractual Management Right (農村土地承包經營權流轉管理辦法) which became effective on 1 March 2005 and the Measures for the Administration of the Circulation of the Rural Land Operation Right (農村土地經營權流轉管理辦法) (the "**Measures for the Circulation of Land Operation Right**"), which replaced the former, promulgated by the MOA on 26 January 2021 and became effective on 1 March 2021, a contractor that entrusts a third party to circulate the contracted land, shall present an power of attorney. Without this power of attorney, no one has the right to decide the circulation of a contracted rural land. The circulation of contracted land shall report to the contract-issuing party and local government at the township level for record. A transferee that re-circulate the land circulated by a contractor shall be subject to the consent of original contractor. The Measures for the Circulation of Land Operation Right further requires government at the township level to establish examination system for the circulation of land operation right to enterprises.

Grass Land Law

According to the Grassland Law of the PRC (中華人民共和國草原法) promulgated by the SCNPC on 18 June 1985 and last amended on 29 April 2021, using grassland for animal husbandry requires approval from government at or above county level.

Land Used for Agricultural Facilities

According to the Circular of the Ministry of Land and Resources and the MOA on the Further Promotion of the Healthy Development of Facility Agriculture (國土資源部、農業部關於進一步支持設施農業健康發展的通知) (the "**2014 Circular**") which was issued on 29 September 2014, land used for agricultural facilities is divided into land for production facilities, land for ancillary facilities and land for supporting facilities, which is in nature agricultural land and shall be administered as such, and accordingly, no governmental approval of agricultural land conversion is required for the use of agricultural land for agricultural facilities. After the signing of land use agreement, government at the township level shall promptly submit the land use agreement and construction plans of the facilities to be built on such land to the competent department of land and resources and agricultural department at the county level for filing. Land used for agricultural facilities must not be used for non-agricultural purposes without going through the legal requirements under the PRC laws.

On 17 December 2019, the Circular of the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on Issues Concerning the Management of Facility Agricultural Land (自然資源部、農業農村部關於設施農業用地管理有關問題的通知) (the "**2019 Circular**") was issued by the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs, according to which the 2014 Circular has expired and automatically revoked. The 2019 Circular stipulates that land used for agricultural facilities is divided into land directly for crop cultivation and land for livestock and poultry aquaculture, including related land used for storage, drying, packaging, disposal, inspection, and etc. General cultivated land can be used for facility agricultural land, while permanent basic farmland shall not be allowed to use for breeding facilities in principle unless it is unavoidable to use a small amount of permanent basic farmland and additional designation of land must be compensated as permanent basic farmland. Rural collective economic Organisation or business operator shall file the use of facility agricultural land to government at the township level.

Local rules relevant to us include the Notice of the Implementation Opinions on Improving the Management of Land Used for Agricultural Facilities (山東省國土資源廳等四部門關於完善設施農用地管理的實施意見的通知) which was issued on 9 January 2012 and substituted by the Measures of Shandong Province for the Administration of Land Used for Agricultural Facilities (山東省設施農業用地管理辦法) on 6 May 2020 and the Notice on Standardising and Strengthening the Management of Land Used for Agricultural Facilities (內蒙古自治區自然資源廳農牧廳關於規範和加強設施農業用地管理的通知) which was promulgated by the Inner Mongolia Department of Natural Resources and Department of Farming and Animal Husbandry on 21 July 2020.

Environmental Protection

Construction Project Environmental Protection

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated by the SCNPC on December 26, 1989, last amended on 24 April 2014, and became effective on 1 January 2015, and the Law of the PRC on Environment Impact Assessment (中華人民共和國環境影響評價法), which was promulgated by the SCNPC on 28 October 2002, last amended on 29 December 2018 and became effective on the same date, the Administrative Regulations on Environmental Protection in Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998, was amended on 16 July 2017, and took effect on 1 October 2017, and the Interim Measures for the Completion Inspections of Environment Protection Facilities of Construction Projects (建設項目竣工環境保護驗收暫行辦法), which was promulgated by the Ministry of Environmental Protection of the PRC on 20 November 2017, and took effect on the same date, enterprises planning construction projects are required to provide assessment reports, statements, or registration forms on the environmental impact of such projects. The assessment reports or statements must be approved by the competent environmental protection authorities prior to the commencement of any construction work, while the registration forms must be submitted to the competent environmental protection authorities for record. Unless otherwise provided by laws and regulations, enterprises with construction projects, which are required to make assessment reports or statements, shall undertake acceptance inspections of the environmental protection facilities upon the completion of the construction. A construction project may be formally put into production or use only if its corresponding environmental protection facilities have passed the acceptance inspection.

Prevention and Control of Pollution

The Regulations on the Prevention and Control of Pollution Caused by Large-scale Breeding of Livestock and Poultry (畜禽規模養殖污染防治條例), issued by the State Council on 11 November 2013 and implemented since 1 January 2014, provides that the activities engaged in livestock and poultry breeding and the comprehensive utilisation and harmless treatment of livestock and poultry breeding wastes shall conform to the requirements for the prevention and control of pollution from livestock and poultry breeding and shall be subject to the supervision and inspection of the relevant competent departments. Besides, the construction, reconstruction and expansion of livestock and poultry farms and breeding districts shall conform to the plans for the development of animal husbandry and the plans for the prevention and control of pollution from livestock and poultry breeding. The large-scale livestock and poultry farms and breeding districts which may have a major impact on environment shall prepare environmental impact reports, and other livestock and poultry farms and breeding districts shall fill out environmental impact registration forms. In the livestock and poultry farms and breeding districts, relevant facilities are required, based on breeding scales and the needs for pollution prevention and control, for faeces of livestock and poultry, shunting sewage and rains, storage of faeces and sewage, and comprehensive utilisation and harmless treatment facilities for anaerobic digestion and stack retting of faeces, organic fertiliser processing, methane producing, separation and delivery of dregs and fluid of methane, sewage treatment and corpse treatment.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (排污許可管理條例), which was promulgated by the State Council on 24 January 2021 and became effective on 1 March 2021, and the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (固定污染源排污許可分類管理名錄(2019年版)), which was promulgated by the Ministry of Ecology and Environment of the PRC and became effective on 20 December 2019, based on factors such as the amount of pollutants produced, the amount of pollutants discharged, and the impact on the environment, pollutant discharge units are subject to three different level of pollutant discharge permit administration, namely priority administration, simplified administration, and registration administration. It is not required for units applicable for registration administration to apply for the pollutant discharge licence, but they shall fill in and submit a pollution discharge registration form on the national pollution discharge licence management information platform.

Import and Export of Goods

Pursuant to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the SCNPC on 22 January 1987 and became effective on 1 July 1987, was last amended and took effect on 29 April 2021, unless otherwise provided for, the consignor or consignee of import and export goods may declare and pay duties themselves or entrust a customs brokers to complete declaration procedures and pay duties. The consignor and consignee for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws.

According to the Administrative Measures for the Inspection, Quarantine, and Supervision of Imported and Exported Feedstuff and Feed Additives (進出口飼料和飼料添加劑檢驗檢疫監督管理辦法), which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC on 20 July 2009 and became effective on 1 September 2009, was last amended by the General Administration of Customs of the PRC and became effective on 23 November 2018, the General Administration of Customs adopts a registration system for production enterprises of countries and regions allowed to export feed to China. Imported feed shall come from registered overseas production enterprises. The feed importing enterprise shall file with the customs at the place of domicile of the enterprise before or at the time of the first application for inspection and quarantine.

Incorporation, Operation and Management of Corporate Entities

The establishment, operation, and management of corporate entities in PRC are governed by the Company Law of the PRC (中華人民共和國公司法) (the "**Company Law**"), which was promulgated by the SCNPC on 29 December 1993 and became effective on 1 July 1994, last amended on 26 October 2018. Pursuant to the Company Law, companies are classified into two categories, namely limited liability companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

Before 2020, the establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation, and labour matters of a wholly foreign-owned enterprise were regulated by the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法) (the "**Wholly Foreign-owned Enterprises Law**"), which was promulgated by the SCNPC and became effective on 12 April 1986, was last amended on 3 September 2016 and expired on 1 January 2020, and the Implementing Rules for the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法實施細則), which was promulgated by the Ministry of Foreign Trade and Economic

Cooperation (modified) and became effective on 12 December 1990, and was last amended on 19 February 2014, and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), which was promulgated by the Ministry of Commence (the "**MOFCOM**") and became effective on 8 October 2016, and last amended on 29 June 2018.

From 2020, foreign investments in the PRC by foreign investors and foreign-invested enterprises shall be subject to the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**"), which was promulgated on 15 March 2019 by the National People's Congress of the PRC (the "**NPC**") and became effective on 1 January 2020 and the Implementing Regulations of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which was promulgated by the State Council on 26 December 2019, and became effective on 1 January 2020. The Foreign Investment Law defines foreign investment as any investment activity directly or indirectly carried out in the PRC by one or more foreign natural persons, enterprises or other organisations. Pursuant to the Foreign Investment Law, the foreign-invested enterprises, established according to the Wholly Foreign-owned Enterprises Law prior to the implementation of the Foreign Investment Law, may adjust their Organisation form, structure, etc. pursuant to the provisions of the Company Law and other related laws, and complete change registration legally. Alternatively, they may choose to retain their current Organisation form, structure, etc. within five years after the implementation of the Foreign Investment Law.

On 30 December 2019, the MOFCOM and the State Administration for Market Regulation (the "**SAMR"**), jointly promulgated the Measures for Information Reporting on Foreign Investment (外商投資信息報告辦法) ("**FI Information Reporting Measures**"), which took effect on 1 January 2020. Pursuant to the FI Information Reporting Measures, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce department through the enterprise registration system and the National Enterprise Credit Information Publicity System for further handling.

Taxation

Enterprise Income Tax

According to the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得税法) (the "**EIT Law**"), which was promulgated by the SCNPC on 16 March 2007, became effective on 1 January 2008, and last amended on 29 December 2018, and the Implementing Regulations of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) (the "**EIT Implementing Regulations**"), which was promulgated by the State Council on 6 December 2007, became effective on 1 January 2008, and was amended on 23 April 2019, enterprises are classified into resident enterprises and non-resident enterprises. An EIT rate of 25% is applied to the resident enterprise on its global income. A reduced EIT rate of 10% is applied on the income generated in the PRC by a non-resident enterprise with no PRC institution, or by a non-resident enterprise whose income has no substantial nexus with its PRC institutions.

According to the EIT Law and the EIT Implementation Regulations, the income of an enterprise generated from farming cattle and poultry, or the primary process of agricultural products will be exempted from enterprise income tax.

Value-added Tax

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, the sale of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax (the "**VAT**") in accordance with the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) (the "**VAT Regulations**"), which was promulgated by the State Council on 13 December 1993, became effective on 1 January 1994, and was last amended on 19 November 2017, and the Implementing Rules for the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance (the "**MOF**") on 25 December 1993, became effective on 25 December 1993, was last amended on 28 October 2011, and took effect on 1 November 2011. Pursuant to the VAT Regulations and its implementation rules, self-produced agricultural products, including planting, breeding, forestry, animal husbandry, and aquatic products, sold by agricultural producers, including units and individuals engaged in agricultural production, shall be exempt from value-added tax.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on the Exemption of Value-added Tax on Feed Products (財政部、國家稅務總局關於飼料產品免徵增值稅問題的通知) promulgated on 12 July 2001 and became effective on 1 August 2001, mixed feed, compound feed, compound premix, concentrated feed and single bulk feed shall be exempt from value-added tax.

Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange

Pursuant to the Administrative Regulations of the PRC on Foreign Exchange (中華人民共和國外匯管理條例) (the "**Foreign Exchange Regulations**"), which was promulgated by the State Council on 29 January 1996, became effective on 1 April 1996, and was last amended on 5 August 2008, the payment in and transfer of foreign exchange for current international transactions are not be subject to government restriction. Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions. Under the Foreign Exchange Regulations, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. However, any foreign organisation or individual that seeks to make direct investment, or engage in the issuance or trading of negotiable securities or derivatives are subject to appropriate registration with SAFE and approval or filing with the relevant governmental authorities (if necessary).

On 19 November 2012, the SAFE promulgated the Circular of the SAFE on Further Improving and Adjusting the Direct Investment Foreign Exchange Administration Policies (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), which became effective on 17 December 2012, latest amended on 30 December 2019. Together with its appendix, it provides for and simplifies the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including, among others, foreign exchange registration, account opening, reinvestment with legal income, purchase, payment, and settlement of foreign exchange.

Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**SAFE Circular 13**"), which was promulgated on 13 February 2015, and became effective on 1 June 2015, the foreign exchange registration under domestic and overseas direct investment is directly reviewed and handled by banks in accordance with the SAFE Circular 13, and the SAFE and its branches shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

Pursuant to the Administrative Measures for Registration of Foreign Debts (外債登記管理辦法) (the "**Foreign Debts Measures**"), which was promulgated by the SAFE on 28 April 2013, and became effective on 13 May 2013, the debtor shall borrow foreign debts in accordance with the relevant provisions of the State, and go through the formalities for registration of foreign debts. According to the Article 9 of the Foreign Debts Measures, the non-bank debtors, who are domestic debtors other than the financial department or banks, shall go through the formalities for registration or filing of foreign debts deal by deal with the local authority in charge of foreign exchange within the time limit.

Dividend Distribution

Pursuant to the EIT Law, non-resident enterprises which have not set up agencies or offices in the PRC, or agencies or offices are set up but there is no actual relationship with the income obtained by the agencies or offices, shall pay enterprise income tax in relation to the income originating from China at the tax rate of 20%. However, the EIT Implementation Regulations reduced the rate from 20% to 10%.

According to the Agreement between the Government of the PRC and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (中華人民共和國政府和新加坡共和國政府關於對所得避免雙重徵稅和防止偷漏稅的協定) implemented on 1 January 2008, and the Circular on Printing and Distributing the Interpretations on Clauses of the Agreement between the Government of the PRC and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and of the Protocol thereto (關於印發《<中華人民共和國政府和新加坡共和國政府關於對所得避免雙重徵稅和防止偷漏稅的協定>及議定書條文解釋》的通知), which was promulgated by the State Taxation Administration (the "**STA**") on 26 July 2010, and became effective thereafter, dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State. However, according to the Circular of the SAT on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on 20 February 2009 and became effective thereafter, the qualifications for a dividend recipient to enjoy a tax preferential levied at 5% rate are as follows: (i) the recipient of the dividend must be a corporation; (ii) the recipient's ownership in the PRC company must meet the prescribed direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends; (iii) the deal or arrangement is not mainly for the purpose of obtaining the tax preferential. Otherwise, the tax rate shall be 10% of the gross amount of the dividends.

Employment, Social Insurance, and Housing Provident Fund

Employment

According to the PRC Labour Law (中華人民共和國勞動法), which was promulgated by the SCNPC on 5 July 1994, came into effect on 1 January 1995 and was last amended on 29 December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its employees, who are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare, and certain other rights. An employer shall develop and improve its labour safety and sanitation system, stringently implement national protocols and standards on labour safety and sanitation, conduct labour safety and sanitation education for employers, guard against labour accidents and reduce occupational hazards.

On 29 June 2007, the SCNPC promulgated the PRC Labour Contract Law (中華人民共和國勞動合同法) (the "**Labour Contract Law**"), which was amended on 28 December 2012 with effect from 1 July 2013, and the State Council promulgated the Implementing Regulations of the Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例) with immediate effect from 18 September 2008. The aim of the Labour Contract Law and its implementing regulation is primarily at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance, amendment, cancellation and termination of labour contracts. Pursuant to the Labour Contract Law and its implementing regulation, a written labour contract shall be executed by an employer and an employee when the employment relationship is established. Employers are forbidden to force or in a disguised manner to force employees to work beyond the time limit, and employers shall pay employees for overtime work in line with related state rules and regulations. In addition, labour wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance and Housing Provident Fund

As required under the Regulations on Work-Related Injury Insurance (工傷保險條例) promulgated on 27 April 2003, amended on 20 December 2010, and came effective on 1 January 2011, the Trial Measures for Maternity Insurance of Enterprises Employees (企業職工生育保險試行辦法) promulgated on 14 December 1994 and became effective on 1 January 1995, the Decisions on the Establishment of a Unified Programme for Basic Pension Insurance for Enterprise Employee of the State Council (國務院關於建立統一的企業職工基本養老保險制度的決定) promulgated and became effective on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Programme for Urban Employees of the State Council (國務院關於建立城鎮職工基本醫療保險制度的決定) promulgated and became effective on 14 December 1998, the Regulations on Unemployment Insurance (失業保險條例) promulgated and became effective on 22 January 1999, and the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated on 28 October 2010, became effective on 1 July 2011, and amended on 29 December 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. An enterprise must provide social insurance by going through social insurance registration with local social insurance agencies and shall pay or withhold relevant social insurance premiums for or on behalf of employees. Any employer that fails to contribute on time and in full may be placed and ordered by the social insurance contributions collecting agency demanding full payment within a prescribed period, and an overdue payment fine at the rate of 0.05% shall be levied as of the date of indebtedness. When the payment is not made at the expiry of the prescribed period, a fine above the overdue amount but less than its triple shall be demanded by the authoritative administrative department. The Interim Regulations on Levying Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council on 22 January 1999 and amended with immediate effect on 24 March 2019 is aiming to strengthen and regularise collection and payment of social insurance premiums, and to ensure the granting of social insurance compensation, pursuant to which the administrative department of labour security under the State Council is responsible for the nationwide administration and supervision of the collection and payment of social insurance premiums. On 20 July 2018, the General Office of the CPC Central Committee and the General

Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems (國稅地稅徵管體制改革方案), which stipulated that the SAT will become solely responsible for collecting social insurance premiums.

According to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated on 3 April 1999 by the State Council and last amended on 24 March 2019, housing provident fund paid and deposited both by employees themselves and their unit employers shall be owned by the employees. Employers shall undertake the registration of payment and deposit of the housing provident fund at the competent housing provident fund management centre and complete procedures for opening an account at the commissioned bank for the deposit of employees' housing provident funds. Enterprises are also required to pay and deposit housing provident fund contributions in full amount and in a timely manner; otherwise, the housing provident fund management centre shall order the enterprises to pay up within a prescribed time limit, and if the enterprises fail to do so at the expiration of the time limit, further application may be made to the People's Court for compulsory enforcement.

Labour Despatch

According to the Interim Provisions on Labour Despatch (勞務派遣暫行規定), which was promulgated by the Ministry of Human Resources and Social Security on 24 January 2014, and became effective on 1 March 2014, an employer may use despatched works only for temporary, auxiliar or back-up positions and the number of despatched labourers shall not exceed 10% of the total number of its employees.

Prevention and Control of Occupational Diseases

Pursuant to the Law of the PRC on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法), which was promulgated by the SCNPC on 27 October 2001 and was last amended on 29 December 2018, the State shall establish a report system for projects entailing occupational disease hazards. The employer that has a workplace where there exists any hazard factor included in the published catalogue of occupational diseases, shall make a timely and truthful report to the local public health department and accept its supervision. In addition, the facilities for the prevention and control of occupational diseases shall be designed, constructed, and put into production and use at the same time with the main body of the construction project.

Employee Stock Incentive Plans

Pursuant to the Circular of the SAFE on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the "**Share Incentive Rules**") promulgated by SAFE on 15 February 2012, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who join any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, shall register and complete certain procedures with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company.

Intellectual Property

Copyright

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of PRC (中華人民共和國著作權法) (the "**Copyright Law**"), which was promulgated by the SCNPC on 7 September 1990 and last amended on 11 November 2020 and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) (the "**Trademark Law**"), which was promulgated by the SCNPC on 23 August 1982 and last amended on 23 April 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例), which was adopted by the State Council on 3 August 2002 and last amended on 29 April 2014, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The trademark registrants shall be entitled to the right to the exclusive use of their trademarks and shall be protected by law. A registered trademark is valid for ten years commencing on the date of registration approval. If a trademark registrant wishes to use a trademark after the expiration of the term of the registered trademark, he could conduct the renewal procedure in accordance with laws.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) (the "**Domain Name Measures**"), which was promulgated by the MIIT on 24 August 2017 and became effective as of 1 November 2017. The registration of domain names is generally on a "first-apply-first-registration" basis. Domain name registrations are handled through domain name service agencies established under the Domain Name Measures and other relevant regulations, and the applicants become domain name holders upon successful registration.

Patent

The Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on 12 March 1984 and last amended on 17 October 2020, being effective as of 1 June 2021, and the Implementing Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) promulgated by the State Council on 15 June 2001 and last amended on 9 January 2010, being effective as of 1 February 2010, are the principal laws and regulations governing patent-related matters. Inventions under the patent laws and regulations include inventions, utility models and designs. Novelty, inventiveness and practical applicability are the essence of being granted patents. The term of an invention patent, a utility model and a design patent shall respectively be 20 years, 10 years and 15 years as the date of application.

B. TAXATION

The following summary of certain Hong Kong and Singapore tax consequences of the purchase, ownership and disposition of the Shares is based upon the laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares and does not purport to apply to all categories of prospective investors, some of whom may be subject to special rules, and is not intended to be and should not be taken to constitute legal or tax advice. Prospective investors should consult their own tax advisors concerning the application of tax laws of Hong Kong to their particular situation as well as any consequences of the purchase, ownership and disposition of the Shares arising under the laws of any other taxing jurisdiction. Neither the Company nor any of the Relevant Persons assumes any responsibility for any tax consequences or liabilities that may arise from the subscription for, holding or disposal of the Shares.

The taxation of the Company and that of the Shareholders is described below. Where tax laws are discussed, these are merely an outline of the implications of such laws. Such laws and regulations may be interpreted differently. It should not be assumed that the relevant tax authorities or the Hong Kong courts will accept or agree with the explanations or conclusions that are set out below.

Investors should note that the following statements are based on advice received by the Company regarding taxation laws, regulations and practice in force as at the date of this prospectus, which may be subject to change.

(a) Hong Kong Taxation of the Company

Profits Tax

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), Hong Kong profits tax will be chargeable in respect of profits of the Company arising in or derived from Hong Kong at a maximum tax rate of 16.5%. Subject to certain conditions, a two-tiered profits tax regime may apply under which the first HKD2,000,000 of assessable profits of the Company will be taxed at half of the Hong Kong standard profits tax rate (i.e. 8.25%). Dividend income derived by the Company from subsidiaries which are subject to Hong Kong profits tax will be specifically tax-exempted. Dividend income derived by the Company from its overseas subsidiaries will generally be considered to be sourced outside of Hong Kong and will not be subject to Hong Kong profits tax.

(b) Hong Kong Taxation of Shareholders

Tax on Dividends

No tax will be payable in Hong Kong in respect of dividends paid by the Company to its Shareholders.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or transfer of the Shares. Trading gains derived from dealings in the Shares by persons carrying on a trade, profession or business in Hong Kong may be subject to Hong Kong profits tax at a maximum tax rate of 15% for unincorporated bodies and 16.5% for corporations if arising in or derived from Hong Kong in connection with such trade, profession or business. Trading gains derived from the sale of Shares effected on the Stock Exchange will be deemed by the Hong Kong Inland Revenue Department as derived from or arising in Hong Kong for profits tax purposes. Shareholders are advised to seek advice from their own professional advisors as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale, purchase or transfer of Shares registered with the Company in Hong Kong. Hong Kong stamp duty will apply at the current standard rate of 0.26% on the higher of the consideration paid for, or the market value of the Shares being sold, purchased or transferred, whether or not the sale or purchase is effected on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will both be legally and severally liable for the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

Estate Duty

Hong Kong estate duty was abolished on 11 February 2006. No Hong Kong estate duty will be payable by Shareholders in relation to the Shares owned in the Company.

Singapore Taxation

Individual Income Tax

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore. Singapore citizens are regarded as tax residents by virtue of their citizenship where they normally reside in Singapore except for temporary absences.

Singapore adopts a territorial basis of taxation. Individual taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, unless the income is specifically exempt by concession or domestic laws. All foreign-sourced income received in Singapore by a Singapore tax resident individual, except for income received through a partnership in Singapore, is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 22%, with allowable deductions for applicable personal reliefs. As announced in the Singapore Budget 2022 ("**Budget 2022**"), from the year of assessment 2024, the maximum personal income tax rate for Singapore tax resident individuals will be raised from 22% to 24%. Non-Singapore tax resident individuals are subject to tax on employment income at the higher of (i) a flat rate of 15% (with no deductions for allowable personal reliefs) or (ii) the progressive resident tax rates (with deductions for allowable personal reliefs). Taxation of other taxable Singapore sourced income will be subject to tax at the flat rate of 22%. As announced in the Budget 2022, from the year of assessment 2024, the income tax rate for non-Singapore tax resident individuals will be raised from 22% to 24%.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for a particular year of assessment if the business is controlled and managed in Singapore in the preceding calendar year. The status of residency of a company may change from year to year. As a general rule, the control and management of a company's business is vested in its board of directors and hence the place of residence of the company is usually where the board meetings are held. Conversely, a company is a non-resident when the control and management of the company is not exercised in Singapore. Where board resolutions are passed in the form of written consent signed by the directors each acting in their own jurisdictions, or where the board meetings are held by teleconference or videoconference, it is possible that the place of de facto control and management will be considered to be where the majority of the board are located when they sign such consent or attend such conferences.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met, including the following:

(a) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

(b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever named called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(c) the Comptroller is satisfied that the tax exemption would be beneficial to the Singapore tax resident company.

In the case of dividends paid by a company resident in a territory from which the dividends are received, the "subject to tax condition" in (a) above is considered met where tax is paid in that territory by such company in respect of its income out of which such dividends are paid or tax is paid on such dividends in that territory from which such dividends are received. Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore ("**IRAS**") with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore. Foreign-sourced income derived by a non-resident corporate taxpayer that is not operating in or from Singapore can remit their foreign-sourced income to Singapore without being taxed on such income.

The corporate tax rate in Singapore is currently 17%. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$190,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income, after the tax exemption, will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for an exemption of three-quarters of up to the first S$100,000, and one-half of up to the next S$100,000, of their normal chargeable income for each of the company's first three years of assessment. The aforementioned rates have applied with effect from the year of assessment 2020.

For the year of assessment 2020, corporate taxpayers will be entitled to corporate income tax rebates of 25% of the corporate tax payable, capped at S$15,000 for the year of assessment 2020. The corporate income tax rebate is computed on the tax payable after deducting tax set-offs. The corporate income tax rebate will not apply to income derived by a non-resident company that is subject to final withholding tax. There is no corporate income tax rebate proposed for the year of assessment 2021 or 2022.

General Transfer Pricing Considerations

Under Singapore tax law, transactions between related parties have to comply with the arm's length principle. Two persons are related parties with respect to each other if:

(a) either person, directly or indirectly, controls the other person; or

(b) both persons are, directly or indirectly, controlled by a common person.

The arm's length principle requires a transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party. The underlying premise is that where market forces drive the terms and conditions agreed in an independent party transaction, the pricing of the transaction would reflect the true economic value of the contributions made by each party in that transaction.

The arm's length principle is provided for under Section 34D of the ITA, in which the IRAS is empowered to make necessary adjustments to the taxable profits of the Singapore taxpayer to reflect the true price that would be derived on an arm's length basis by:

(i) increasing the amount of the income of the Singapore taxpayer for the year of assessment;

(ii) reducing the amount of deduction that may be allowed to the Singapore taxpayer for the year of assessment; and/or

(iii) reducing the amount of loss of the Singapore taxpayer for the year of assessment.

In addition, under Section 34E of the ITA, with effect for the year of assessment 2019 and subsequent years of assessment, where the IRAS exercises its power to make necessary adjustments to the taxable profits of a Singapore taxpayer under Section 34D of the ITA, a surcharge equal to 5% of the amount of the increase or reduction (as the case may be) will be imposed.

Transfer Pricing Documentation

With effect from the year of assessment 2019, Singapore taxpayers are required to prepare transfer pricing documentation ("**TP Documentation**") under Section 34F of the ITA for their related party transactions undertaken in a basis period where:

(a) its gross revenue derived from their trade or business is more than S$10 million for that basis period; or

(b) it was required to prepare TP Documentation for the basis period immediately before the basis period concerned (i.e. taxpayers who were required to prepare TP Documentation for a previous basis period would continue to be required to do so for the subsequent basis period, and so on).

The purpose of TP Documentation is for Singapore taxpayers to show that the pricing of their transactions with related parties is arm's length.

However, it should be noted that there is an exemption to prepare TP Documentation where the related party transactions fall within the ambit of Rule 4 of the Income Tax (Transfer Pricing Documentation) Rules 2018, which provides for certain stipulated scenarios in which a taxpayer is exempt from having to prepare TP Documentation for its related party transactions.

Where a Singapore taxpayer (which is required to prepare TP Documentation) fails to satisfy its obligations under Section 34F of the ITA, it shall be liable on conviction to a fine not exceeding S$10,000.

Dividend Distributions

The Company is a tax resident of Singapore. All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that the company distributing the dividends is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a Shareholder, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

Gains on Disposal of the Shares

Singapore does not currently impose taxes on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. As the precise status of each investor will vary from one another, each investor should consult an independent tax advisor on the Singapore income tax and other tax consequences that will apply to their individual circumstances.

Subject to certain conditions being satisfied, Section 13W of the Income Tax Act 1947 of Singapore ("**ITA**") provides for certainty on the non-taxability of gains derived by a company from the disposal of the Shares between the period of 1 June 2012 and 31 December 2027 (inclusive of both dates), if the divesting company holds a minimum shareholding of 20% of our Shares and these Shares have been held for a continuous minimum period of 24 months. This is provided that the company, if unlisted, is not in the business of trading or holding Singapore immovable properties (other than the business of property development). This exemption would not apply to the disposal on or after 1 June 2022 of unlisted shares in a company that is in the business of trading, holding or developing immovable properties in Singapore and/or abroad.

Holders of the Shares who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), Singapore Financial Reporting Standard 109 – Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 – Financial Instruments ("**SFRS(I) 9**"), as the case may be, may be required to recognise gains or losses in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9. Such gains may be construed to be of an income nature and subject to Singapore income tax even though no sale or disposal of the Shares is made.

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) for taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Shareholders who may be subject to the above-mentioned tax treatments, including under Sections 34A or 34AA of the ITA, should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Shares.

Stamp Duty

There is no stamp duty payable on the subscription for and issuance of the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher.

Stamp duty is borne by the purchaser or transferee unless there is an agreement to the contrary. Where the acquisition of the Shares is effected by physical instruments of transfer executed wholly outside Singapore and the said instruments of transfer are not received in Singapore, no stamp duty is payable on the acquisition of the Shares. However, stamp duty must be paid within 30 days of receipt of the instrument of transfer in Singapore if the physical instrument of transfer is executed outside Singapore and is received in Singapore. Where the instrument of transfer is executed in Singapore, Singapore stamp duty must be paid within 14 days of the execution of the instrument of transfer. Note that where electronic instruments are executed, the electronic instruments are treated as received in Singapore under the following scenarios: (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

In the case of acquisition of the Shares on the Stock Exchange where there is only an acquisition of beneficial interest in the Shares as reflected through the designated CCASS Participant's stock account, no stamp duty should be payable based on current legislation.

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

Goods and Services Tax ("GST")

GST in Singapore is a broad-based consumption tax that is levied on import of goods into Singapore, supplies of overseas digital services to customers in Singapore as well as nearly all supplies of goods and services in Singapore, at a prevailing rate of 7%. GST applies irrespective of the fact that the sale was concluded online or physically. The GST-registered entity is required to charge and account for GST at 7% on all sales of goods and services in Singapore unless the sale can be zero-rated or exempted under the applicable GST law. As announced in the Budget 2022, the GST rate will be increased to 8% with effect from 1 January 2023, and 9% with effect from 1 January 2024.

The sale of the Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where the Shares are sold by a GST-registered investor in the course or furtherance of a business carried on by such investor contractually to a person belonging outside Singapore and for the direct benefit of either a person belonging outside Singapore who is outside Singapore at the time of sale or a GST-registered person belonging in Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the Shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the standard rate of 7%. Similar services rendered by a GST-registered person contractually to an investor belonging outside Singapore and for the direct benefit of either an investor belonging outside Singapore who is outside Singapore at the time of provision of the service or a GST-registered investor belonging in Singapore, should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

With the implementation of reverse charge from 1 January 2020, the "directly benefit" condition for zero-rating (i.e. GST at 0%) has been amended to allow the zero-rating of a supply of services to the extent that the services directly benefit a person belonging outside Singapore who is outside Singapore at the time of provision of the service or a GST-registered person in Singapore. Under the reverse charge regime, a GST-registered partially exempt business that is not entitled to full input tax claims will be required to account for GST on all services that it procures from overseas suppliers ("**imported services**") except for certain services which are specifically exempt from reverse charge. A non GST-registered person whose total value of imported services for a 12-month period either exceeds S$1 million at the end of a calendar year or is expected to exceed S$1 million at any time, and is not entitled to full input tax claims if such person was GST-registered, may become liable for GST registration and be required to account for GST both on its taxable supplies and imported services subject to reverse charge.

Tax Treaties between Hong Kong and Singapore

There is no comprehensive double tax treaty entered into between Hong Kong and Singapore.

Relief from Taxation

Recipients of dividends or other Singapore income who are residents in other jurisdictions are advised to consult their own tax advisers on whether they may claim double taxation relief in accordance with any tax treaty (or under domestic legislation) if such income is taxed in their respective jurisdictions.

Effect of holding Shares through CCASS or outside CCASS on tax payable

The holding of the Shares through CCASS or outside CCASS should not give rise to any additional Singapore income tax implications.

Set out below is a summary of certain provisions of the Constitution of the Company and salient provisions of the laws of Singapore applicable to a Singapore incorporated company.

The Company was incorporated in Singapore under the Singapore Companies Act as a private company limited by shares on 17 April 2009. It was converted to a public company limited by shares on 14 November 2022. The Constitution was adopted by special resolution of the Shareholders passed on 11 November 2022 and took effect upon the conversion of the Company into a public company limited by shares.

A. CONSTITUTION OF THE COMPANY

The discussion below provides information about certain provisions of the Company's Constitution. A summary of the salient provisions of the laws of Singapore is set out in the section entitled "B. Salient Provisions of the Corporate Laws of Singapore" below. This description is only a summary and is qualified by reference to Singapore law and the Constitution. The instrument that constitutes and defines the Company is the Constitution of the Company.

The capitalised terms in the summary of the Constitution of our Company in this Appendix IV shall be defined as follows:

"**Act**"	means the Companies Act 1967 of Singapore or any modification, amendment or re-enactment thereof for the time being in force and any reference to any provision of the Act is to that provision as so modified or re-enacted or contained in any such subsequent Act.
"**Auditor**"	means the auditor of the Company appointed for the time being under Section 205 or Section 205AF of the Act (if any).
"**business day**"	means any day which the Designated Stock Exchange is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of the Constitution be counted as a business day.
"**clearing house**"	shall have the meaning ascribed thereto in Part I of Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.

"**Company**"	means the above-named company or by whatever name from time to time called.
"**Constitution**"	means the Constitution of the Company as from time to time altered.
"**Designated Stock Exchange**"	means a stock exchange in respect of which the Shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the Shares of the Company.
"**Elected Shares**"	shall have the meaning prescribed to it at regulation 46.12(a)(iv).
"**Directors**"	means the directors for the time being of the Company and includes any person duly appointed and acting for the time being as an alternate Director.
"**Dividend**"	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Constitution and includes bonus and payment by way of bonus.
"**Hong Kong Companies Ordinance**"	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and any amendments thereto or re-enactment thereof for the time being in force and includes every other law or subsidiary legislation incorporated therewith or substituted therefor.
"**hybrid meeting**"	means a general meeting held and conducted by (a) physical attendance and participation by Members and/or proxies at the Principal Meeting Place and where applicable, one (1) or more Meeting Locations, and (b) virtual attendance and participation by Members and/or proxies by means of electronic facilities.
"**Meeting Location**"	shall have the meaning prescribed to it at regulation 26.2(a).
"**Member**"	means any registered holder of Shares for the time being, except that, where the Act requires, excludes the Company where it is a member by reason of its holding of its Shares as Treasury Shares.
"**month**"	means a calendar month.

"**Ordinary Resolution**"	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or by proxy present at a general meeting. In computing the majority when a poll is demanded on a question that requires an ordinary resolution be passed, reference shall be had to the number of votes cast for and against the resolution and to the number of votes to which each Member is entitled by the Act or the Constitution.
"**paid-up**"	includes credited as paid up.
"**physical meeting**"	means a general meeting held and conducted by physical attendance and participation by Members and/or proxies at the Principal Meeting Place and/or where applicable, one (1) or more Meeting Locations.
"**Principal Meeting Place**"	if there is more than one (1) Meeting Location as determined by the Directors pursuant to regulation 26.2(a), means the principal place of the meeting as specified in the notice of general meeting.
"**Register of Members**"	means (a) the register of Members kept and maintained by the Company under Section 190 of the Act, and (b) any branch register of Members kept and maintained by the Company under Section 196 of the Act.
"**registered address**" or "**address**"	in relation to any Member, means his physical address for the service or delivery of notices or documents (including any corporate communication) personally or by post, except where otherwise expressly provided in the Constitution.
"**Registered Office**"	means the registered office for the time being of the Company.
"**regulation**"	means a regulation of the Constitution, as altered or added to from time to time and any reference to a regulation by number is a reference to the regulation of that number in the Constitution.
"**Scheduled Meeting Day**"	shall have the meaning prescribed to it at regulation 25.4.
"**Seal**"	means the common seal of the Company and includes in appropriate cases the official seal or every duplicate common seal.

"**Secretary**"	means a secretary of the Company appointed for the time being under Section 171 of the Act, and includes any person appointed by the Directors to perform any of the duties of the Secretary of the Company and, where two (2) or more persons are appointed to act as Secretaries, shall include any one (1) or all of those persons.
"**Share**"	means a share in the capital of the Company.
"**Singapore**"	means the Republic of Singapore.
"**Special Resolution**"	means a resolution passed in accordance with Section 184 of the Act.
"**S$**"	means the lawful currency of Singapore.
"**Treasury Share**"	means a Share held in treasury in accordance with the Act.
"**year**"	means a calendar year.

(a) Liability of Members

Regulation 4

The liability of each Member is limited.

(b) Capacity And Powers

Regulation 3

Subject to the provisions of the Act (and where applicable, the rules and regulations of the Designated Stock Exchange) and any other written law and the Constitution, the Company shall have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction not prohibited by the laws of the Republic of Singapore and for these purposes has full rights, powers and privileges.

Subject to the provisions of the Act, any branch or kind of business which by the Constitution is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

(c) Directors

Director's duty to disclose his interest in contracts with the Company

Regulation 37.5

Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of his interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be).

Director's power to vote on a proposal, arrangement or contract in which the director is interested

Regulation 36.1

A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Regulation 37.1

A Director, alternate Director or the Chief Executive Officer may hold any other office or place of profit under the Company, other than the office of the Auditor (or Secretary in the case of the Company having only one (1) Director), in conjunction with his office for such period and on such terms as to remuneration and otherwise as the Directors may determine.

Regulation 37.3

Subject to the Act, a Director, alternate Director or the Chief Executive Officer may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director, alternate Director or the Chief Executive Officer shall be accountable to the Company for any fees, remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.

Regulation 37.4

Subject to the Act, no person shall be disqualified from the office of Director, alternate Director, Chief Executive Officer or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director, alternate Director or Chief Executive Officer shall be in any way interested be or be liable to be avoided, nor shall any Director, alternate Director or Chief Executive Officer so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director, alternate Director or Chief Executive Officer holding office or of the fiduciary relationship thereby established.

Regulation 37.5

Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of his interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be). Notwithstanding such disclosure, a Director shall not vote in respect of any transaction, contract or arrangement or any other proposal whatsoever in which he or any of his close associates has any personal material interest, directly or indirectly, and such Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting, but this prohibition shall not apply to any of the following:

(a) any contract or arrangement or any other proposal for the giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

(b) any contract or arrangement or any other proposal for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(c) any contract or arrangement or any other proposal concerning an offer of Shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including the following:

    (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or

    (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors or his close associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates; or

(e) any contract or arrangement or any other proposal in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares or debentures or other securities of the Company by virtue only of his/their interest in Shares or debentures or other securities of the Company.

Regulation 37.6

The provisions of regulation 37.5 may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this regulation may be ratified by Ordinary Resolution of the Company, or as otherwise provided in the Constitution.

Regulation 37.7

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

Directors' remuneration and a Director's power to vote on remuneration

Regulation 33.3

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Regulation 36.1

A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Regulation 37.2

Subject to the Act, a Director or alternate Director may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

Regulation 37.5

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates has any personal material interest, directly or indirectly, save for a few exceptions provided in the Constitution (which exceptions include any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including the following: (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors or his close associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates).

Regulation 43.1

Subject to Section 169 of the Act, the remuneration to be paid to the Directors, if any, shall be such remuneration as the Company in a general meeting by Ordinary Resolution shall determine and such fees shall (unless such resolution otherwise provides) not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Company in a general meeting by Ordinary Resolution, or a combination partly of one (1) such method and partly the other.

Regulation 43.2

The Company in general meeting may by Ordinary Resolution approve additional remuneration to any Director who holds any executive office or serves on any committee or who otherwise performs or renders services which in the opinion of the Directors go beyond his ordinary routine work as a Director, subject to the provisions of the Act. Such extra remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

Director's powers in respect of cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments

Regulation 33.2

All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors may determine by resolution.

Borrowing powers exercisable by the Directors and how such borrowing powers can be varied

Regulation 33.4

Subject to the Act and without prejudice to the generality of the foregoing, the Directors may exercise all the powers of the Company to borrow or otherwise raise money and to mortgage, charge or hypothecate its undertaking, property and assets (present and future) and uncalled capital or called but unpaid capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Appointment, Retirement, Resignation and Removal of Directors

Regulation 32

There shall be a board of Directors consisting of at least one (1) natural person ordinarily resident in Singapore (exclusive of alternate Directors) and until determined by Ordinary Resolution, there shall be no maximum number of Directors. Subject to the provisions of the Act and the rules and regulations of the Designated Stock Exchange (including complying with any minimum number of Directors required by the Act or the rules and regulations of the Designated Stock Exchange), the Company may by Ordinary Resolution place any limits on, or increase or reduce the limits in, the number of Directors.

Section 145 of the Act provides that every company shall have at least one (1) director who is ordinarily resident in Singapore and no person other than a natural person who, among others, has attained the age of 18 years and who is otherwise of full legal capacity shall be a director of a company.

Regulation 34.1

Notwithstanding any other provisions in the Constitution, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, Provided That every Director shall be subject to retirement at an annual general meeting at least once every three (3) years.

Regulation 34.2

The Directors to retire in every year shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Regulation 34.3

The Company at the meeting at which a Director retires under any regulation of the Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. A retiring Director shall continue to act as a Director throughout the meeting at which he retires. The retirement shall not have effect until the conclusion of the meeting and accordingly a retiring Director who is re-elected will continue in office without a break.

Regulation 34.4

In accordance with the provisions of Section 150 of the Act, a resolution for the appointment of two (2) or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of the aforesaid Section and this regulation shall be void.

Regulation 34.5

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless there shall have been lodged at the Company's principal place of business in Hong Kong as registered under the Hong Kong Companies Ordinance a notice in writing signed by some Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and notice in writing signed by the person to be proposed giving his consent to the nomination and signifying his candidature for the office, Provided Always That the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the meeting appointed for such appointment and end no later than seven (7) days prior to the date of such meeting.

Regulation 34.6

The Company may by Ordinary Resolution remove any Director before the expiration of his period of office, notwithstanding anything in the Constitution or in any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement. Special notice shall be required of any resolution to remove any Director under this regulation 34.6 or appoint some person in place of a Director so removed at the meeting at which he is removed.

Regulation 34.7

The Company may by Ordinary Resolution appoint another person in place of a Director removed from office under the immediately preceding regulation and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

Regulation 34.8

The Company may by Ordinary Resolution appoint any person to be a Director, either to fill a casual vacancy or as an additional Director Provided That the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Constitution as the maximum number of Directors. Without prejudice thereto the Directors shall have power at any time so to do, but any person so appointed by the Directors shall hold office only until the next annual general meeting. He shall then be eligible for re-election, but shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at such meeting.

In accordance with the provisions of Section 152 of the Act, the Company may by Ordinary Resolution remove any Director before the expiration of his or her period of office, notwithstanding any provision in the Constitution or of any agreement between the Company and such Director. Special notice shall be required of any resolution to so remove a Director or to appoint some person in place of a Director so removed at the meeting at which the Director is removed. A vacancy created by such removal of a Director, if not filled at the meeting at which the Director is removed, may be filled as a casual vacancy.

Regulation 35

The office of a Director shall be vacated if:

(a) subject to Section 145 of the Act, the Director gives notice in writing to the Company that he resigns the office of Director;

(b) the Director absents himself (for the avoidance of doubt, without being represented by an alternate Director appointed by him) from three (3) consecutive meetings of the board of Directors without special leave of absence from the Directors, and the remaining Directors pass a resolution that he has by reason of such absence vacated office;

(c) the Director dies, becomes bankrupt (whether adjudged by a Singapore Court or a foreign court having jurisdiction in bankruptcy) unless he has been granted leave of Court or permission from the Official Assignee to be a Director or if he suspends payments or makes any arrangement or composition with his creditors generally;

(d) the Director becomes mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;

(e) the Director becomes prohibited or otherwise becomes disqualified from being a director by virtue of his disqualification, removal or revocation as a director by law (including pursuant to any order made under the provisions of the Act);

(f) the Director ceases to be a director by virtue of any of the provisions of the Act or the Constitution; or

(g) the Director is removed by the Company in general meeting pursuant to the Act and the Constitution.

Director's powers to act notwithstanding any vacancy

Regulation 36.7

Without prejudice to regulation 24.3, the continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Constitution as the necessary quorum of Directors, the continuing Directors or Director may, except in an emergency, act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose. If there are no Directors or Director able or willing to act, then any two (2) Members may summon a general meeting for the purpose of appointing Directors.

Election of Chairman

Regulation 36.8

The Directors or any committee of Directors may from time to time elect a chairman of their board and determine the period for which he is to hold office. The chairman shall preside as chairman at their meetings, but if no such chairman is elected, or if at any meeting the chairman is not present within 15 minutes after the time appointed for the meeting to commence, the Directors present may choose one (1) of their number to be chairman of the meeting. Any Director acting as chairman of a meeting of the Directors shall, in the case of an equality of votes, have the chairman's right to a second or casting vote where applicable.

Chief Executive Officer and Board Committees

Regulation 39.1

The Directors may from time to time appoint one (1) or more of their body or any other person(s) to be Chief Executive Officer(s) of the Company (or any equivalent appointment(s) howsoever described) and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places.

Regulation 39.4

The Directors may entrust to and confer upon a Chief Executive Officer (or any person holding an equivalent appointment) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of or in substitution for all or any of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers. A Chief Executive Officer (or any person holding an equivalent appointment) shall be subject to the control of the board of Directors.

Regulation 40.1

Save as required by the rules and regulations of the Designated Stock Exchange, the Directors may delegate any of their powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one (1) or more Directors. They may also delegate to any Chief Executive Officer or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Constitution regulating the proceedings of Directors, so far as they are capable of applying.

Regulation 40.2

Each of these committees must in the exercise of the powers delegated to them conform with the rules and regulations of the Designated Stock Exchange, and such terms of reference as are put together.

Regulation 40.3

Save as required by the rules and regulations of the Designated Stock Exchange, the Directors may establish any committees, local boards or agencies, or appoint any person to be a manager or agent for managing the affairs of the Company, either in Singapore or elsewhere, and may appoint any person to be a member of such committees, local boards or agencies, and may fix their remuneration and may delegate to any committee, local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate. Any such appointment or delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and any such appointment or delegation may be revoked or altered by the Directors, but no person acting in good faith and without notice of any such revocation or alteration shall be affected thereby. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Constitution regulating the proceedings of Directors, so far as they are capable of applying.

Secretaries and other officers of the Company

Regulation 40.6

The Directors shall appoint one (1) or more Secretaries in accordance with the Act and may appoint such other officers of the Company as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment, a Secretary or officer of the Company may be removed by resolution of the Directors or Members, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company. If thought fit, two (2) or more persons may be appointed as Secretaries. The Directors may also appoint from time to time on such terms as they may think fit, one (1) or more assistant Secretaries. The appointment and duties of the Secretary or assistant Secretaries shall not conflict with the provision of the Act and in particular Section 171 of the Act. Subject to the Act, an officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

The number of Shares, if any, required for Director's qualification

Regulation 42

A Director and an alternate Director shall not be required to hold any Shares of the Company by way of qualification. A Director and an alternate Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and attend and speak at general meetings.

(d) Rights, Preferences and Restrictions Attaching to each Class of Shares

Changes in Capital

Regulation 5

The share capital of the Company may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to Dividends, return of capital, voting or otherwise.

Regulation 9.1

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, no Shares (other than Shares issued without formal allotment at incorporation) may be issued by the Directors without the prior approval of the Company in general meeting by Ordinary Resolution but subject thereto (including any direction that may be given by the Company in general meeting) and to the regulations of the Constitution, the Act and the rules and regulations of the Designated Stock Exchange, the Directors may allot, issue, grant options over or otherwise dispose of Shares to such persons, at such times and on such other terms and conditions and for such consideration (if any) and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may in their absolute discretion deem fit.

Regulation 9.2

The Company may issue:

(a) Shares for which no consideration is payable to the Company; and

(b) preference Shares which are, or at the option of the Company are to be, liable to be redeemed and the redemption shall be effected only on such terms and in such manner as is provided in the Constitution.

Regulation 9.3

Where the Company issues Shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such Shares and where the equity capital of the Company includes Shares with different voting rights, the designation of each class of Shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

Regulation 9.4

The rights attached to Shares of a class other than ordinary Shares shall be clearly defined in the Constitution. Without prejudice to any special right previously conferred on the holders of any existing Shares or class of Shares but subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, the Directors may issue Shares with such preferred, deferred, qualified or special rights or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise as the Directors may determine, and preference Shares may be issued which are, or at the option of the Company are, liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Regulation 9.6

Except so far as otherwise provided by the conditions of issue or by the Constitution, all new Shares shall be subject to the provisions of the Act and of the Constitution with reference to allotments, payment of calls, liens, transfers, transmissions, forfeiture and otherwise. No Share shall be issued to bearer.

Regulation 9.7

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports, balance sheets and financial statements and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the Dividend on the preference Shares (if any) is more than six (6) months in arrears.

Regulation 9.8

If by the conditions of allotment of any Shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the Share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Registered Member as Absolute Owner

Regulation 16

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, except only as is otherwise provided by the Constitution, the Act or the rules and regulations of the Designated Stock Exchange, be bound by or compelled to recognise in any way (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or any other rights in respect of any Share, other than an absolute right to the entirety thereof in the registered holder.

Share Certificate

Regulation 10.1

Every Member whose name is entered as a member in the Register of Members shall be entitled, without payment, to receive within 60 days after allotment of any Shares or within 30 days after the date on which a transfer of Shares is lodged with the Company in accordance with the Act, one (1) certificate (which shall be issued under the Seal) for all the Shares of any one (1) class registered in his name.

Regulation 10.2

The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with the Constitution *mutatis mutandis*.

Regulation 10.3

The certificate of title to Shares shall be issued under the Seal in such form as prescribed by the Directors from time to time, or executed as a deed in accordance with the Act. Every certificate shall bear the autographic or facsimile signatures of at least two (2) Directors or by one (1) Director and the Secretary or some other person appointed by the Directors, and shall specify the number and the class of Shares to which it relates, whether the Shares are fully or partly paid up, the amount (if any) unpaid on the Shares and any other information as the Act may require. The facsimile signatures may be reproduced by mechanical, electronic or other means provided the method or system of reproducing signatures has first been approved by the Directors. No certificate shall be issued representing more than one (1) class of Shares.

Regulation 10.6

If a Share certificate is defaced, worn out, lost, destroyed or stolen, it may be renewed or replaced:

(a) on payment of a fee (if any) not exceeding the lower of S$2 and the relevant maximum amount as the rules and regulations of the Designated Stock Exchange may from time to time determine; or such other fee as the Directors may determine; and

(b) subject to the Act and the Hong Kong Companies Ordinance, on such evidence (satisfactory to the Directors in their sole discretion) being produced and a letter of indemnity, undertaking and/or statutory declaration (if required) being given by the shareholder or person entitled (whether as transferee, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its/their client(s)) as the Directors shall require, and (in the case of defacement or wearing out) upon delivery of the old certificate. The shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company in respect of the replacement of the share certificate in question.

Voting

Regulation 27.1

Subject to the Constitution and any rights or restrictions attached to any Shares, each holder of Shares shall be entitled to receive notices of, and attend, speak and vote at, any meetings of the Members and every Member entitled to vote who (being an individual) is present in person or by proxy or, if a corporation or other body corporate is present by its duly authorised representative or by proxy, shall:

(a) on a show of hands have one (1) vote, Provided That:

(i) in the case of a Member who is not a clearing house or its nominee(s) or a relevant intermediary and who is represented by two (2) proxies, the instrument of proxy shall state which proxy is entitled to vote on a show of hands and/or the proportion of the shareholding of such Member to be represented by each proxy; and

(ii) in the case of a Member who is a clearing house or its nominee(s) or a relevant intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands; and

(b) on a poll have one (1) vote for every Share of which he is the holder.

Regulation 27.3

A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, *curator bonis*, or other person on such Member's behalf appointed by that court, and any such committee, receiver, *curator bonis* or other person may vote by proxy, Provided That such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) not less than 48 hours before the time appointed for holding the meeting.

Regulation 27.4

No person shall be entitled to vote at any general meeting either personally or by proxy or other duly authorised representative unless he is registered as a Member not less than 48 hours before the time appointed for holding such meeting nor unless all calls or other monies then payable by him in respect of the Shares have been paid.

Regulation 27.5

Where the Company has knowledge that any Member is, under the Constitution or the rules and regulations of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Joint Holders

Regulation 10.4

In the case of a Share registered jointly in the names of several persons, the Company shall not be bound to issue more than one (1) certificate for Shares held jointly by more than one (1) person and delivery of a certificate to one (1) of the registered joint holders shall be a sufficient delivery to all of them.

Regulation 11

Where two (2) or more persons are registered as the holders of any Share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

(a) the Company shall not be bound to register more than four (4) persons as the registered holders of a Share except in the case of executors or administrators (or trustees) of the estate of a deceased Member;

(b) the joint holders of a Share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such Share;

(c) on the death of any one (1) of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such Share but the Directors may require such evidence of death as they may deem fit;

(d) any one (1) of such joint holders may give effectual receipts for any Dividend or other moneys payable or property distributable to such joint holders on or in respect of the Share; and

(e) only the person whose name stands first in the Register of Members as one (1) of the joint holders of any Share shall be entitled to delivery of the certificate relating to such Share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Regulation 18.4

The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

Regulation 27.2

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other body corporate, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members in respect of the Share.

Regulation 46.11

Any Dividend or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members, or, if several persons are entitled to the Share in consequence of the death or bankruptcy of the holder, to any one of such persons, or to such person and to such address as such holder or joint holders may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the Share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any Dividends or other monies payable in respect of the Share held by them as joint holders. Every Dividend paid by wire transfer, cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Regulation 50.4

All notices, communications and/or documents (including a share certificate) with respect to any Share to which persons are jointly entitled, shall be given to whichever of such persons is named first in the Register of Members, and notice so given shall be sufficient notice to all the holders of such Shares.

(e) Alterations of Capital

Regulation 13.1

Subject to the provisions of the Act and the rules and regulations of the Designated Stock Exchange, the Company may purchase or otherwise acquire its own Shares in such manner and on such other terms as the Company may deem fit and regulation 12 shall apply *mutatis mutandis* in relation to such Share purchases. In the case of purchases of redeemable Shares, purchases not made through the market or by tender shall, subject to the provisions of the Act and the rules and regulations of the Designated Stock Exchange, be limited to a maximum price and if purchases are by tender, tenders shall be available to all Members alike.

Regulation 13.2

If required by the Act or the rules and regulations of the Designated Stock Exchange, any Share that is so purchased or acquired by the Company shall, unless held as Treasury Share in accordance with the Act and the rules and regulations of the Designated Stock Exchange, be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of a Share as aforesaid, the rights and privileges attached to that Share shall be extinguished and the number of issued Shares shall be diminished by the number of the Shares so cancelled. Where any such cancelled Share was purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

Regulation 13.3

Subject to such rights and restrictions as may be prescribed in the Act and the rules and regulations of the Designated Stock Exchange, the Directors may at any time determine to cancel a Treasury Share or sell, transfer or otherwise use a Treasury Share in any manner permitted by the Act and the rules and regulations of the Designated Stock Exchange.

Regulation 15

The Company may, in so far as the Act and the rules and regulations of the Designated Stock Exchange permit, pay a commission or brokerage to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares at such rate or amount as the Directors deem fit. Such commissions or brokerage may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such commission or brokerage as may be lawful. The Company may, in addition to, or in lieu of, such commission, in consideration of any person subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any Shares, confer on any such person an option call within a specified time for a specified number of Shares at a specified price or on such other terms and conditions as the Directors may deem fit. The requirements of the provisions of the Act shall be observed, as far as applicable.

Regulation 22.1

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange and of any resolution of the Company in a General Meeting passed pursuant thereto, the issue of new Shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Regulation 22.3

(a) Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, the Company may, from time to time, by Ordinary Resolution:

(i) consolidate and divide all or any of its share capital;

(ii) convert its share capital or any class of Shares from one (1) currency to another currency;

(iii) subdivide its Shares or any of them, Provided Always That in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; and

(iv) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the Shares so cancelled.

(b) Subject to and in accordance with the Act and the rules and regulations of the Designated Stock Exchange, the Company may by Special Resolution convert one (1) class of Shares into another class of Shares.

Regulation 22.4

The Company may by Special Resolution reduce its share capital in accordance with the Act, the rules and regulations of the Designated Stock Exchange and any other applicable law.

(f) Any Change in the Respective Rights of the Various Classes of Shares Including the Action Necessary to Change the Rights

Regulation 14.1

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To any such meeting all the regulations of the Constitution relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be two (2) persons holding or representing by proxy at least one-third of the issued Shares of the class (unless there is only one (1) person holding Shares of that class entitled to vote at such general in which case the quorum shall be one (1)) and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution, the provisions of Section 184 of the Act shall with such adaptions as are necessary apply.

Regulation 14.2

Regulation 14.1 shall apply to the variation or abrogation of the special rights attached to only some of the Shares of any class as if each group of Shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Regulation 14.3

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly authorised by the terms of issue of the Shares of that class or by the Constitution in force at the time the Shares of that class were issued, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(g) Dividends and Distribution

Regulation 46.1

The Company may, upon the recommendation of the Directors and with the sanction of an Ordinary Resolution at a general meeting, declare such Dividends as appear to the Directors to be justified by the profits of the Company. No Dividend shall be paid except out of the profits of the Company available for distribution under the provisions of the Act. No higher Dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for Dividends shall be conclusive.

Regulation 46.2

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends (either in cash or in specie) on any class of Shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates (if any) prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on Shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Regulation 46.3

Subject to any rights or restrictions attached to any Shares or class of Shares and except as otherwise permitted under the Act, all Dividends in respect of Shares must be declared and paid in proportion to the number of Shares held by a Member but where Shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid Shares during any portion or portions of the period in respect of which the Dividend is paid. For the purposes of this regulation, an amount paid or credited as paid on a Share in advance of a call is to be ignored. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

Regulation 46.4

No Member shall be entitled to receive any Dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Regulation 46.5

The Directors may deduct from any Dividend payable to any Member in respect of any Share held by such member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct.

Regulation 46.6

The Directors may retain any Dividend or other moneys payable on or in respect of a Share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Regulation 46.7

The Directors may retain the Dividends payable on Shares in respect of which any person is, under the provisions as to the transmission of Shares hereinbefore contained, entitled to become a Member or which any person under those provisions is entitled to be transferred, until such person shall become a Member in respect of such Shares.

Regulation 46.8

Subject to the Act and the rules and regulations of the Designated Stock Exchange, when declaring a Dividend, the Directors may direct that such Dividend be paid wholly or partly *in specie* by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one (1) or more of such ways. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member.

Regulation 46.9

Except as otherwise provided by the rights attached to any Shares or class of Shares, Dividends may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.

Regulation 46.10

The Directors may, before resolving to pay any Dividend, set aside out of the profits of the Company and carry to reserve, such sums as they think proper which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the discretion of the Directors, be employed in the business of the Company or be invested. The Directors may divide the reserve or reserves into such special funds as they think fit and may consolidate into one (1) fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying such sums to reserve and in applying the same, the Directors shall comply with the provisions (if any) of the Act.

Regulation 46.11

Any Dividend or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members, or, if several persons are entitled to the Share in consequence of the death or bankruptcy of the holder, to any one (1) of such persons, or to such person and to such address as such holder or joint holders may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the Share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Any one (1) of two (2) or more joint holders may give effectual receipts for any Dividends or other monies payable in respect of the Share held by them as joint holders. Every Dividend paid by wire transfer, cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Regulation 46.12

(a) Whenever the Directors or the Company in general meeting have resolved or proposed that a Dividend (including an interim, final, special or other Dividend) be paid or declared on Shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such Dividend be entitled to elect to receive an allotment of Shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the Dividend as the Directors may think fit. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Directors;

(ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of Shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any Dividend in respect of which the Directors shall have passed such a resolution as aforesaid. The Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular Dividend(s) or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this regulation;

(iii) the right of election may be exercised in respect of the whole of that portion of the Dividend in respect of which the right of election has been accorded, provided that the Directors may determine, either generally or in specific cases, that such right shall be exercisable in respect of the whole or any part of that portion; and

(iv) the Dividend (or that part of the Dividend in respect of which a right of election has been accorded) shall not be payable in cash on the Shares of the relevant class in respect of which the Share election has been duly exercised (the "**Elected Shares**") and in lieu of cash and in satisfaction thereof Shares of the relevant class shall be allotted and credited as fully paid to the holders of the Elected Shares on the basis of allotment determined as aforesaid. For such purpose, and notwithstanding the provisions of regulation 47, the Directors shall (A) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of Shares of the relevant class for allotment and distribution to and among the holders of the Elected Shares on such basis, or (B) apply the sum which would otherwise have been payable in cash to the holders of the Elected Shares towards payment of the appropriate number of Shares of the relevant class for allotment and distribution to and among the holders of the Elected Shares on such basis.

(b) The Shares of the relevant class allotted pursuant to the provisions of paragraph (a) of this regulation shall rank *pari passu* in all respects with the Shares of that class then in issue save only as regards participation in the Dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(c) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (a) of this regulation, with full power to make such provisions as they may think fit in the case of Shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in the Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorise any person to enter on behalf of the Members interested into agreement(s) with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(d) The Directors may, on any occasion when they resolve as provided in paragraph (a) of this regulation, determine that the rights of election under that paragraph shall not be made available to the Members, or in respect of Shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this regulation shall be read and construed subject to such determination.

(e) The Directors may, on any occasion when they resolve as provided in paragraph (a) of this regulation, further determine that:

(i) no allotment of Shares or rights of election for Shares under that paragraph shall be made available or made to Members to whom by reason of foreign securities laws such allotment of Shares or right of election for Shares may not be made without registration of the Shares or instruments or a prospectus or other document, or where the Directors consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant foreign jurisdiction or the requirements of the relevant regulatory body or stock exchange in that foreign jurisdiction; and

(ii) no allotment of Shares or rights of election for Shares under paragraph (a) of this regulation shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in the Act, without the approval of the applicable regulatory or other authority as may be necessary.

(f) Notwithstanding the foregoing provisions of this regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (a) of this regulation in relation to any Dividend but prior to the allotment of Shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interests of the Company, cancel the proposed application of paragraph (a) of this regulation.

Regulation 46.13

No Dividend or other monies payable on or in respect of a Share shall bear interest as against the Company.

Regulation 46.14

The waiver in whole or in part of any Dividend on any Share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the Share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Regulation 46.15

Any resolution declaring a Dividend on Shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as holders of such Shares in the Register of Members at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such Shares.

Regulation 46.16

Any Dividend or other monies payable which cannot be paid to a Member and/or which remains unclaimed after six (6) months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, Provided That the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. All Dividends and other monies payable on or in respect of a Share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any Dividend or any such monies unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so forfeited, shall revert to the Company. However, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividends or moneys so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed Dividends or monies, howsoever and whatsoever.

Regulation 46.17

A transfer of Shares shall not pass the right to any Dividend declared on such Shares before the registration of the transfer.

(h) Any Limitation on the Right to Own Shares

Regulation 9.6

No Share shall be issued to bearer.

Regulation 12.1

Subject to the restrictions of the Constitution, any restrictions imposed by law and the rules and regulations of the Designated Stock Exchange, any Member may transfer all or any of his Shares. The Directors may, in their sole discretion, refuse to register any instrument of transfer of Shares unless the following is received by the Company at the offices of its share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of its share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong):

(a) subject to regulation 12.8, the instrument of transfer in writing and in the usual or common form, or in any form acceptable to the Directors, which is consistent with the standard form of transfer as prescribed by the Designated Stock Exchange. The instrument of transfer of any Share shall be executed by or on behalf of the transferor and by or on behalf of the transferee and be witnessed or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time;

(b) a fee (if any) not exceeding the lower of S$2 and the relevant maximum amount as the rules and regulations of the Designated Stock Exchange may from time to time determine; or such other fee as the Directors may determine;

(c) the certificate(s) of the Shares to which the transfer relates;

(d) the certificate of payment of stamp duty (if any); and

(e) such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

Upon receipt of the items referred to in regulation 12.1 (if any), the Company shall, subject to regulations 12.5 and 12.6, register (or procure the registration of) the transferee or his nominee as the registered holder of the Shares in the Register of Members. All Share certificates surrendered to the Company shall forthwith be cancelled. The transferor shall be deemed to remain the holder of the Shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Regulation 12.5

No Share shall be transferred to an infant, a bankrupt or a person of unsound mind and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.

Regulation 12.6

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, there shall be no restriction on the transfer of all or any of a Member's fully paid-up Shares, but the Directors may, in their absolute discretion, decline to register a transfer of Shares upon which the Company has a lien and in the case of Shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve. If the Directors decline to register a transfer of Shares, they shall, within 30 days after the date on which the transfer was lodged with the Company, send a notice of refusal to register to the transferor and the transferee as required by the Act and, within 30 days after the date on which an application is made to the Company, serve on the applicant a notice in writing stating the facts which are considered to justify refusal in the exercise of that discretion.

Regulation 16

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, except only as is otherwise provided by the Constitution, the Act or the rules and regulations of the Designated Stock Exchange, be bound by or compelled to recognise in any way (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or any other rights in respect of any Share, other than an absolute right to the entirety thereof in the registered holder.

Regulation 22.2

Notwithstanding regulation 22.1 above but subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, the Directors shall not be required to offer any new Shares or make or grant any instruments to Members to whom by reason of foreign securities laws such offer of Shares or making or granting of instruments may not be made without registration of the Shares or instruments or a prospectus or other document, or where the Directors consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant foreign jurisdiction or the requirements of the relevant regulatory body or stock exchange in that foreign jurisdiction, but may, at their absolute discretion and on such terms and conditions as the Directors deem fit, sell the entitlements to the new Shares on behalf of such Members in such manner as they think most beneficial to the Company.

(i) Approval for Issue of New Shares

Regulation 9.1

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, no Shares (other than Shares issued at incorporation) may be issued by the Directors without the prior approval of the Company in general meeting by Ordinary Resolution but subject thereto (including any direction that may be given by the Company in general meeting) and to the regulations of the Constitution, the Act and the rules and regulations of the Designated Stock Exchange, the Directors may allot, issue, grant options over or otherwise dispose of Shares to such persons, at such times and on such other terms and conditions and for such consideration (if any) and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may in their absolute discretion deem fit.

(j) Transfer of Shares

Regulation 12.1

Subject to the restrictions of the Constitution, any restrictions imposed by law and the rules and regulations of the Designated Stock Exchange, any Member may transfer all or any of his Shares. The Directors may, in their sole discretion, refuse to register any instrument of transfer of Shares unless the following is received by the Company at the offices of its share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of its share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong):

(a) subject to regulation 12.8, the instrument of transfer in writing and in the usual or common form, or in any form acceptable to the Directors, which is consistent with the standard form of transfer as prescribed by the Designated Stock Exchange. The instrument of transfer of any Share shall be executed by or on behalf of the transferor and by or on behalf of the transferee and be witnessed or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time;

(b) a fee (if any) not exceeding the lower of S$2 and the relevant maximum amount as the rules and regulations of the Designated Stock Exchange may from time to time determine; or such other fee as the Directors may determine;

(c) the certificate(s) of the Shares to which the transfer relates;

(d) the certificate of payment of stamp duty (if any); and

(e) such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

Upon receipt of the items referred to in regulation 12.1 (if any), the Company shall, subject to regulations 12.5 and 12.6, register (or procure the registration of) the transferee or his nominee as the registered holder of the Shares in the Register of Members. All Share certificates surrendered to the Company shall forthwith be cancelled. The transferor shall be deemed to remain the holder of the Shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Regulation 12.2

Shares of different classes shall not be comprised in the same instrument of transfer.

Regulation 12.3

Notwithstanding regulation 12.1 but subject to the Act, transfers of Shares which are listed on the Designated Stock Exchange may be effected by any method of transferring or dealing in securities permitted by the rules and regulations of the Designated Stock Exchange and which has been approved by the Directors for such purpose.

Regulation 12.4

All instruments of transfer registered on the Company's share register(s) shall be retained by the Company, but any instrument of transfer which the Directors refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Regulation 12.5

No Share shall be transferred to an infant, a bankrupt or a person of unsound mind and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.

Regulation 12.6

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, there shall be no restriction on the transfer of all or any of a Member's Shares, but the Directors may, in their absolute discretion, decline to register a transfer of Shares upon which the Company has a lien and in the case of Shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve. If the Directors decline to register a transfer of Shares, they shall, within 30 days after the date on which the transfer was lodged with the Company, send a notice of refusal to register to the transferor and the transferee as required by the Act and, within 30 days after the date on which an application is made to the Company, serve on the applicant a notice in writing stating the facts which are considered to justify refusal in the exercise of that discretion.

Regulation 12.8

Where the right to any Shares has been transferred by operation of law, the Company may register such transfer of such Shares upon the applicant producing evidence of such transfer as the Directors deem sufficient and in accordance with the Act. The merger or amalgamation of the transferor and the transferee under the laws of any foreign countries or states whereby the property, rights and privileges of the transferor shall be transferred to and vest in the transferee upon completion of the merger or amalgamation shall constitute a transfer by operation of law for the purpose of this regulation.

Regulation 12.9

Nothing in the Constitution shall preclude the Directors from recognising a renunciation of the allotment of any Share by the allottee in favour of some other person.

Regulation 12.10

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of Shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the Shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, trustees, administrators and assigns, alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(k) Register of Members

Regulation 12.7

(a) The Company shall keep in one (1) or more books a Register of Members and shall enter therein particulars required by the Act. Subject to the Act and the rules and regulations of the Designated Stock Exchange, the Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Act cause to be kept a branch register or Register of Members and the Directors may (subject to the provisions of the Act) make and vary such regulations as they may think fit in respect of the keeping of any such branch register or Register of Members. Subject to the Act, the rules and regulations of the Designated Stock Exchange and the Hong Kong Companies Ordinance, any such branch register of the Register of Members shall be open to the inspection of Members.

(b) Subject to the Act, the rules and regulations of the Designated Stock Exchange and the Hong Kong Companies Ordinance, the Register of Members may be closed at any time for any period as the Directors may from time to time determine, but not for more than a total of 30 days in any calendar year (in aggregate) and during such periods the Directors may suspend the registration of transfers. Further Provided Always That the Company shall give prior notice of such closure in an appointed newspaper and as may be required to the Designated Stock Exchange, stating the period and purpose or purposes for which the closure is to be made.

(l) General Meeting of Shareholders

Regulation 24.1

All general meetings other than annual general meetings shall be called extraordinary general meetings.

Regulation 24.2

The Company shall, subject to and in accordance with the Act and the rules and regulations of the Designated Stock Exchange, hold a general meeting as its annual general meeting after the end of each financial year within six (6) months, and shall specify the meeting as such in the notices calling it. The general meeting shall be held at such time and place as the Directors shall appoint.

Regulation 24.3

The Directors may, whenever they think fit, call general meetings, and they shall within two (2) months after the Company received a Members' requisition as provided by Section 176 of the Act, forthwith proceed to convene an extraordinary general meeting of the Company or a general meeting may, in default, be convened by such requisitionist as provided for under the Act. If at any time there are insufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which the meetings may be convened by Directors.

Regulation 24.4

Unless the Company has only one (1) Member in which case a Members' requisition is a requisition of that Member, a Members' requisition is a requisition of Members in accordance with the Act, including Members holding at the date of deposit of the requisition not less than 10 per cent. (10%) of the total number of paid-up Shares (excluding Treasury Shares) as at that date of the deposit carry the right to vote at general meetings of the Company.

Regulation 24.6

If the Directors do not within 21 days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than 50 per cent. (50%) of the total voting rights of all of the requisitionists, may themselves, convene a general meeting, but any meeting so convened shall be held no later than the day which falls three (3) months after the expiration of the said 21-day period.

Regulation 24.7

A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

Regulation 24.8

All business shall be deemed special that is transacted at any extraordinary general meeting, and all that is transacted at an annual general meeting shall also be deemed special, with the exception of (a) receiving and adopting the financial statements and the statements of the Directors and the reports of the Auditors and any other documents required to be annexed to the financial statements; (b) the appointment of or re-election of Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise; (c) the fixing of the Directors' remuneration; (d) declaring Dividends; and (e) the appointment, re-appointment or removal and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

Regulation 25.1

Subject to the provisions of the Act and the Constitution relating to special notice and agreements for shorter notice and the rules and regulations of the Designated Stock Exchange, at least 21 clear days' notice shall be given of any annual general meeting or any other general meeting at which it is proposed to pass a Special Resolution. For every other general meeting, subject to the rules and regulations of the Designated Stock Exchange, at least 14 clear days' notice shall be given. The notice shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the regulations of the Constitution and the Act entitled to receive notice from the Company, Provided That, subject to the provisions of the Act and, where applicable, the rules and regulations of the Designated Stock Exchange, a general meeting that has been called by a shorter notice than that specified above shall be deemed to have been duly called if such short notice is so agreed:

(a) in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; or

(b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority which together holds not less than 95 per cent. (95%) of the total voting rights of all the Members having a right to vote at that general meeting.

Regulation 25.2

(a) Every notice shall specify (i) the place of the meeting and if there is more than one (1) Meeting Location as determined by the Directors pursuant to regulation 26.2, the Principal Meeting Place, (ii) the day and the hour of the meeting, (iii) if the general meeting is to be a hybrid meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (iv) the general nature of the business to be conducted at the general meeting and the notice shall contain a statement to that effect, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not also be a Member. Where the Company has one (1) or more classes of Shares that confer special, limited or conditional voting rights, or that confer no voting rights, the notice shall also specify the special, limited or conditional voting rights, or the absence of voting rights, in respect of each such class of Shares.

(b) In the case of an annual general meeting, the notice shall also specify the meeting as such.

(c) In the case of any general meeting at which special business is to be transacted, the notice shall specify the general nature of the special business and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

Regulation 25.3

(a) The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.

(b) In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to or the non-receipt of such instrument of proxy by any person entitled to receive notice shall not invalidate the proceedings at any general meeting (including the passing of any resolution at such general meeting).

Regulation 25.4

Subject to the rules and regulations of the Designated Stock Exchange and the Act, if, after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time or place or by means of electronic facilities specified in the notice calling the meeting, the Directors may (1) postpone the meeting to another date and/or time and/or (2) change the place and/or the electronic facilities and/or form of the meeting (including, without limitation, a physical meeting or a hybrid meeting), without approval of the Members. Without prejudice to the generality of the foregoing and notwithstanding any contrary provisions in the Constitution, the Directors shall have the power to provide in every notice calling a general meeting that if a black rainstorm warning or a gale warning is in force at a specific time on the day of the general meeting as specified in such notice, the general meeting will not be held on that day (the "**Scheduled Meeting Day**") but will, without further notice be automatically postponed and by virtue of that same notice, be held instead at a time on an alternative day (as specified in such notice) that falls within seven (7) business days of the Scheduled Meeting Day. It shall not be a ground of objection to the validity of such notice that the notice calls a general meeting contingently on whether a black rainstorm warning or a gale warning is in force at the relevant time as specified in such notice. This regulation 25.4 shall be subject to the following:

(a) when either (1) a meeting is postponed, or (2) there is a change in the place and/or electronic facilities and/or form of the meeting, the Company shall:

   (i) provide at least seven (7) clear days' notice of such postponement or change in like manner as in the case of the original meeting (Provided That failure to post such a notice shall not affect any automatic postponement of such meeting made in accordance with this regulation 25.4); and

   (ii) subject to and without prejudice to regulation 26.10, unless already specified in the original notice of the meeting, such notice provided in accordance with regulation 25.4(a)(i) shall specify the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting as fixed by the Directors, and also specify the date and time by which proxies shall be submitted in order to be valid at such postponed or changed meeting (Provided That subject to regulation 28.6, any proxy submitted for the original meeting shall continue to be valid for the postponed or changed meeting unless revoked or replaced by a new proxy); and

(b) subject to and without prejudice to regulation 26.10, notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, Provided That the business to be transacted at the postponed or changed meeting is the same as that set out in the original notice of general meeting circulated to the Members.

Regulation 26.1

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two (2) Members being individuals present in person or by proxy or if a corporation or other body corporate, by its duly authorised representative or proxy, shall be a quorum unless the Company has only one (1) Member entitled to vote at such general meeting in which case the quorum shall be that one (1) Member present in person or by proxy (or in the case of a corporation or other body corporate, by its duly authorised representative or proxy), Provided That (a) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one (1) proxy, such proxies shall count as only one (1) Member for the purpose of determining the quorum.

Regulation 26.2

(a) The Directors may, at their absolute discretion but subject always to the rules and regulations of the Designated Stock Exchange and the Act, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities (including but not limited to conference telephone or video conference telephone or other similar communications equipment whereby all persons participating in the meeting are able to hear or to be heard by each other) at such location or locations (the "**Meeting Location(s)**") determined by the Directors at their absolute discretion. Any Member or any proxy attending and participating in such manner or any Member or proxy participating in a hybrid meeting by means of electronic facilities shall be deemed to be present in person at that meeting and shall be counted in the quorum of such meeting. Subject to there being a requisite quorum under the Constitution, all resolutions agreed by the Members in such general meeting shall be deemed to be as effective as a resolution passed at the meeting in person of the Members duly convened and held.

(b) All general meetings are subject to the following:

(i) where a Member or proxy is attending a Meeting Location and/or in the case of a hybrid meeting, attending virtually by means of electronic facilities, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;

(ii) Members present in person (or, in the case of a Member being a corporation or other body corporate, by its duly authorised representative) or by proxy at a Meeting Location and/or Members or proxy participating in a hybrid meeting by means of electronic facilities shall be counted in the quorum for and entitled to vote at the meeting in question, and that meeting shall be duly constituted and its proceedings valid Provided That the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that Members at all Meeting Locations and Members participating in a hybrid meeting by means of electronic facilities are able to participate in the business for which the meeting has been convened;

(iii) subject to regulation 26.4, where Members or proxies attend a meeting by being present at one (1) of the Meeting Locations and/or where Members or proxies attend a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of a hybrid meeting, the inability of one (1) or more Members or proxies to access, attend or participate, or continue to access, attend or participate in a general meeting by way of electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business Provided That there is a quorum present throughout the meeting; and

(iv) if any of the Meeting Locations is outside Hong Kong and/or in the case of a hybrid meeting, the provisions of the Constitution concerning the time for service and giving of notice for the meeting, and the time for lodging proxies, shall apply by reference to the time zone of the Principal Meeting Place.

Regulation 26.3

Subject to the rules and regulations of the Designated Stock Exchange and the Act, the Directors and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, and/or any Meeting Location(s) and/or participation and/or voting in a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as they shall in their absolute discretion consider appropriate, and may from time to time change any such arrangements, Provided That a Member who, pursuant to such arrangements, is not permitted to attend, in person (or, in the case of a Member being a corporation or other body corporate, by its duly authorised representative) or by proxy, at any Meeting Location shall be entitled so to attend at one (1) of the other Meeting Locations if they comply with such arrangements for the other Meeting Location; and the entitlement of any Member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.

Regulation 26.4

If it appears to the chairman of the general meeting that:

(a) the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in regulation 26.2(a) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the notice of the meeting;

(b) in the case of a hybrid meeting, electronic facilities being made available by the Company have become inadequate;

(c) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or

(d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting,

then, without prejudice to any other power which the chairman of the meeting may have under the Constitution or at common law, but subject to the rules and regulations of the Designated Stock Exchange and the Act, the chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.

Regulation 26.5

Subject to the rules and regulations of the Designated Stock Exchange and the Act, the Directors and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the Directors or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this regulation shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or removed (physically or electronically) from the meeting.

Regulation 26.6

All persons seeking to attend and participate in a hybrid meeting by means of electronic facilities shall be responsible for maintaining adequate facilities to enable them to do so.

Regulation 26.7

If a quorum is not present within half an hour from the time appointed for the meeting to commence (or such longer interval as the chairman of the meeting may think fit to allow) or if during such a meeting a quorum ceases to be present, the meeting, if convened upon a Members' requisition, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week (or if that day is not a business day, then to the next business day following that day) at the same time and/or place and/or form or to such other day, time and/or place and/or form as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, then the meeting shall be dissolved.

Regulation 26.10

Subject to and without prejudice to regulation 26.4, the chairman may, with the consent of a general meeting at which a quorum is present (and shall if so directed by the general meeting) adjourn the general meeting from time to time or *sine die* and/or from place to place and/or from one form to another (including, without limitation, a physical meeting or hybrid meeting), but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time, place and form of the adjourned meeting shall be fixed by the Directors.

Regulation 26.11

When a general meeting is adjourned for 30 days or more or *sine die*, not less than seven (7) clear days' notice of the adjourned meeting shall be given in like manner as in the case of an original general meeting. Otherwise it shall not be necessary to give any such notice of an adjournment or of the business to be transacted at an adjourned general meeting.

Regulation 26.14

If required by the applicable rules of the Designated Stock Exchange, all resolutions at general meetings shall be voted by poll unless such requirement is waived by the Designated Stock Exchange.

Regulation 27.7

On a poll or on a show of hands, votes may be cast either personally or by proxy (or in the case of a corporation or other body corporate by its duly authorised representative or proxy).

Regulation 28.1

Save as otherwise provided in the Act or the rules and regulations of the Designated Stock Exchange:

(a) a Member who is not a clearing house or its nominee(s) or a relevant intermediary may appoint up to two (2) proxies to attend, speak and vote at the general meeting. Where such Member's instrument of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the first-named proxy shall be deemed to represent 100 per cent. (100%) of the shareholding to which the instrument of proxy relates, and the second-named proxy shall be deemed to be an alternate to the first-named proxy; and

(b) a Member who is a clearing house or its nominee(s) or a relevant intermediary may appoint two (2) or more proxies to attend, speak and vote at the general meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member, and the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

Regulation 28.2(a)

(a) The instrument appointing a proxy shall be in writing and in any usual or common form or in any other form which the Directors may approve (Provided That this shall not preclude the use of the two-way form) and:

(i) in the case of an individual Member:

(A) signed by the appointer or his attorney duly authorised in writing if the instrument of proxy is delivered personally or sent by post; or

(B) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(ii) in the case of a Member which is a corporation or body corporate:

(A) either given under its common seal, executed as a deed in accordance with the Act, or under the hand of its officers or of its attorney duly authorised in writing if the instrument of proxy is delivered personally or sent by post; or

(B) authorised by that corporation or body corporate through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this regulation 28.2 designate procedures for authenticating any such instrument, and any such instrument not so authenticated by the use of such procedures shall be deemed not to have been received by the Company (other than a clearing house or its nominee(s)).

Regulation 28.3

A proxy need not be a Member.

Regulation 28.4(a)

(a) An instrument appointing a proxy together with the power of attorney under which it is signed (if any):

(i) if sent personally or by post, shall be left at such place specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting, adjourned meeting or postponed meeting, or if no such place was specified, at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong); or

(ii) if submitted by electronic communication, shall be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting, adjourned meeting or postponed meeting,

and in either case, deposited as such time the Directors may determine (being not later than the time appointed for the commencement of the meeting, adjourned meeting or postponed meeting to which the proxy relates). In the absence of any such direction from the Directors, the instrument appointing a proxy, together with such power of attorney (if any), shall be deposited not less than 48 hours before the time appointed for the meeting, adjourned meeting, or postponed meeting to commence at which the person named in the instrument proposes to attend and vote.

Regulation 28.6

The instrument appointing a proxy may be expressed to be for a particular meeting or any adjournment or postponement thereof or generally until revoked, Provided That an instrument of proxy relating to more than one (1) meeting (including any adjournment or postponement thereof) having once been so delivered in accordance with regulation 28.4 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

Regulation 28.7

Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) at least one (1) hour before the commencement of the general meeting, adjourned meeting, or postponed meeting at which it is sought to use the proxy.

Regulation 28.8

Without prejudice to the foregoing, a Member (whether an individual, corporation or other body corporate) may, in lieu of appointing a proxy, appoint any person by a power of attorney to act as his representative at any meeting of the Company or of any class of Members, and the attorney so appointed shall, subject to the powers conferred to him in the power of attorney, be entitled to exercise the same powers as a proxy appointed pursuant to an instrument of proxy could exercise on behalf of his appointor. The duly executed power of attorney shall be deposited physically at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) on or prior to the meeting in which the attorney named therein proposes to attend and vote.

Regulation 30.1

Any corporation or other body corporate which is a Member may in accordance with its constitutional documents and/or by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its duly authorised representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of his appointor as his appointor could exercise if it were an individual Member and such corporation shall for the purposes of the Constitution (but subject to the Act) be deemed to be present in person at any such general meeting if a person so authorised is present thereat. A corporation may execute a form of proxy under the hand of a duly authorised officer.

Regulation 30.2

If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members Provided That, if more than one (1) person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this regulation shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by the clearing house (or its nominee(s)), including, where a show of hands is allowed, the right to vote individually on a show of hands.

Regulation 50.1

Notices shall be in writing and any notice or document (including any corporate communication) may be given, sent or served by the Company to a Member either personally or by sending it by courier or post to him at his address as shown in the Register of Members, or such other address (if any) as supplied by him to the Company as his address for the service of notices, or by delivering it to such address as aforesaid Provided Always That the service or delivery of such notice or document to any such address shall not, in the opinion of the Directors, be unlawful or impracticable. Without prejudice to the foregoing, but subject otherwise to, and in accordance with, the Constitution, the Act, the rules and regulations of the Designated Stock Exchange and/or any other applicable regulations or procedures relating to electronic communications:

(a) any notice or document (including, without limitations, any accounts, balance sheets, financial statements, circulars or reports) which is required or permitted to be given, sent or served under the Act or under the Constitution by the Company or the Directors to a Member may be given, sent or served by electronic means using cable, telex, fax or e-mail to the current address or contact particulars of that person or by making it available on the website of the Designated Stock Exchange and a website prescribed by the Company from time to time;

(b) for the purposes of regulation 50.1(a), where a notice or document is given, sent or served to a Member by making it available on a website, the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one (1) or more of the following means:

(i) by sending such separate notice to the Member personally, by courier or by post at his address as shown in the Register of Members;

(ii) by sending such separate notice to the Member using electronic communications to his current address or contact particulars;

(iii) by way of advertisement in the daily press; and/or

(iv) by way of announcement on the website of the Designated Stock Exchange;

(c) for the purposes of regulation 50.1(a), a Member shall be implied to have agreed to receive such notice or document by way of such electronic communication and shall not have a right to elect to receive a physical copy of such notice or document; and

(d) notwithstanding regulation 50.1(c), the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time period, and he shall not in such an event have a right to receive a physical copy of such notice or document.

Regulation 50.2

Any notice or document given in conformity with regulation 50.1 or where applicable, in any other regulations of the Constitution, shall be deemed to have been duly given, sent or served:

(a) where it is delivered personally to the Member, at the time when it was so delivered;

(b) where it is sent by courier, the day on which it was delivered to a courier company;

(c) where it is sent by prepaid mail or airmail (as applicable) to the Member's address, on the day on which it was posted;

(d) where it is sent by cable, telex, fax or e-mail, the day that it was transmitted; and

(e) where it is made available on a website, at the time at which it was first made available on the website.

In providing such service or delivery, it shall be sufficient to prove that the letter containing the notice or the document was properly addressed and put into the post office as a prepaid letter or that a telex, facsimile transmission or e-mail was properly addressed and transmitted in full (with no report from the sender's facsimile machine or server or transmitting device that the transmission has in any way failed), or that a cable was properly addressed and handed to the relevant authority for despatch, and it shall not be necessary for the receipt of the notice or the document to be acknowledged by the recipient.

Regulation 50.3

Notwithstanding regulation 50.1(c) and regulation 50.1(d) above, the Company shall send to the Members physical copies of such notices or documents as may be specified by law or, where applicable, the rules and regulations of the Designated Stock Exchange, and shall inform the Members as soon as practicable of how to request a physical copy of such notice or document and provide a physical copy of such notice or document upon such a request.

Regulation 50.7

Notice of every general meeting shall be given in any manner authorised by the Constitution to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person (other than the Auditor or his agent) shall be entitled to receive notices of general meetings.

(m) Voting Rights

Regulation 26.13

Subject to any additional requirements as may be imposed by the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, all resolutions of the Members shall be adopted by Ordinary Resolutions of the Members present at the meeting, whether in person or by proxy.

In addition, Section 184(1) of Act provides that a resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a general meeting of which, in the case of a public company incorporated in Singapore, not less than 21 days' written notice, specifying the intention to propose the resolution as a Special Resolution has been duly given.

Regulation 26.14

If required by the applicable rules of the Designated Stock Exchange, all resolutions at general meetings shall be voted by poll unless such requirement is waived by the Designated Stock Exchange.

Regulation 26.15

Subject to regulation 26.14, a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result, a poll is demanded by:

(a) the chairman of the meeting;

(b) at least two (2) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or in the case of a corporation or other body corporate, by its duly authorised representative or proxy, and entitled to vote thereat;

(c) any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or in the case of a corporation or other body corporate, by its duly authorised representative or proxy, and collectively holding at least five per cent. (5%) of the total voting rights of all the Members having a right to vote at the meeting; or

(d) any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or in the case of a corporation or other body corporate, by its duly authorised representative or proxy, and collectively holding Shares having a right to vote at the meeting, being Shares on which an aggregate sum has been paid up equal to not less than five per cent. (5%) of the total sum paid up on all the Shares conferring that right.

Regulation 26.16

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the general meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Regulation 26.18

If a poll is duly demanded, it shall be taken in such manner (including the use of ballot, voting papers, tickets or by way of electronic facilities) and at such time (not being more than 30 days from the date of the meeting) and place as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. In case of any dispute as to the admission or rejection of a vote, the chairman shall determine the same and such determination made in good faith shall be final and conclusive. The chairman of the general meeting may, or if required by the rules and regulations of the Designated Stock Exchange or if so directed by the general meeting shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Regulation 26.20

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

Regulation 26.21

Subject to the rules and regulations of the Designated Stock Exchange (where applicable), if at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, or if votes are not counted which ought to have been counted, the error shall not vitiate the result of the vote unless it is pointed out at the same meeting at which the vote is taken or at any adjournment thereof, and is in the opinion of the chairman of sufficient magnitude to vitiate the result of the voting. The decision of the chairman of the meeting on such matters shall be final and conclusive.

Regulation 27.1

Subject to the Constitution and any rights or restrictions attached to any Shares, each holder of Shares shall be entitled to receive notices of, and attend, speak and vote at, any meetings of the Members and every Member entitled to vote who (being an individual) is present in person or by proxy or, if a corporation or other body corporate is present by its duly authorised representative or by proxy, shall:

(a) on a show of hands have one (1) vote, Provided That:

  (i) in the case of a Member who is not a clearing house or its nominee(s) or a relevant intermediary and who is represented by two (2) proxies, the instrument of proxy shall state which proxy is entitled to vote on a show of hands and/or the proportion of the shareholding of such Member to be represented by each proxy; and

  (ii) in the case of a Member who is a clearing house or its nominee(s) or a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and

(b) on a poll have one (1) vote for every Share of which he is the holder.

Regulation 27.2

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other body corporate, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members in respect of the Share.

Regulation 27.3

A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, *curator bonis*, or other person on such Member's behalf appointed by that court, and any such committee, receiver, *curator bonis* or other person may vote by proxy, Provided That such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) not less than 48 hours before the time appointed for holding the meeting.

Regulation 27.4

No person shall be entitled to vote at any general meeting either personally or by proxy or other duly authorised representative unless he is registered as a Member not less than 48 hours before the time appointed for holding such meeting nor unless all calls or other monies then payable by him in respect of the Shares have been paid.

Regulation 27.5

Where the Company has knowledge that any Member is, under the Constitution or the rules and regulations of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Regulation 27.8

On a poll, a Member holding more than one (1) Share need not cast all the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one (1) or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which he is appointed.

(n) Capitalisation and Rights Issues

Regulation 47.1

The Company may, upon the recommendation of the Directors and with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or funds or any sum standing to the credit of the profit and loss account by appropriating such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend and applying such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

Regulation 47.2

In addition and without prejudice to the powers provided for by regulation 47.1, the Directors may, with the sanction of an Ordinary Resolution of the Company, issue bonus Shares for which no consideration is payable to the Company to all Members in proportion to the number of Shares held.

Regulation 47.3

The Directors may do all acts and things considered necessary or expedient to give effect to such capitalisation or bonus issue, with full power given to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby the fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation or bonus issue and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

Regulation 47.4

In addition and without prejudice to the powers provided for by this regulation 47, the Directors shall in accordance with the provisions of the Act have power to issue Shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any Shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new Shares, in each case on terms that such Shares shall, upon issue:

(a) be held by or for the benefit of participants of the share option plan and the share incentive plan of the Company (as amended from time to time) and/or any share incentive or option scheme or plan implemented by the Company and approved by a resolution of the Directors or the Members in a general meeting, in such manner and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under regulation 43 approved by Members in general meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to the foregoing.

(o) Indemnity

Regulation 52.1

Subject to the provisions of and insofar as permitted by the Act, every Director and other officer for the time being of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto.

Regulation 52.2

Without prejudice to the generality of the foregoing and to the fullest extent as may be permitted under the Act, no Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

Regulation 52.3

To the extent permitted under the Act, the Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, wilful default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

(p) Accounts and Audit

Regulation 48.1

The Directors shall cause to be kept proper financial statements (including, where applicable, material underlying documentation including contracts and invoices) with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company, as well as such accounting and other records as are necessary to comply with the provisions of the Act and the rules and regulations of the Designated Stock Exchange. Such financial statements shall be kept at the Registered Office or at such other place as the Directors think fit, shall always be open to inspection by Directors and must be retained for a minimum period of five (5) years from the date on which they are laid before the Company at its annual general meeting. Proper financial statements shall not be deemed to be kept unless the financial statements comply with the requirements of, subject to the Act, the Accounting Standards as defined in the Act and give a true and fair view of the financial position and performance of the Company and to explain its transactions and financial position.

Regulation 48.2

The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Act or ordered by a court of competent jurisdiction or authorised by the Directors or by the Company in general meeting by Ordinary Resolution.

Regulation 48.3

In accordance with the provisions of the Act, the Directors shall from time to time in accordance with the Act cause to be prepared and to be laid before the Company in general meeting such financial statements, balance sheets, reports, statements and other documents as may be necessary.

Regulation 48.4

A copy of the financial statements and, if required, the balance sheet (including every document required by law to be attached thereto), which is duly audited and which is to be laid before the Company in general meeting accompanied by a copy of the Auditor's report thereon and the Directors' statement, shall not less than 21 clear days before the date of the meeting be sent to every Member and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Act or of the Constitution, Provided That (a) these documents may, subject to the rules and regulations of the Designated Stock Exchange, be sent with a shorter period before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and (b) this regulation shall not require a copy of these documents to be sent to more than one (1) of any joint holders, the several persons entitled to Shares in consequence of the death or bankruptcy of the holder or otherwise, or to any person of whose address the Company is not aware, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Registered Office or the Company's place of business in Hong Kong as registered under the Hong Kong Companies Ordinance.

Regulation 49.1

Subject to the provisions of the Act, the Company shall at each annual general meeting appoint an Auditor to hold office from the conclusion of that, until the conclusion of the next, annual general meeting.

Regulation 49.2

The Auditor shall be appointed (unless the Company is exempted from such requirement under the Act) and their duties regulated in accordance with the provisions of the Act. Every auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.

Regulation 49.3

At least once every year the accounts of the Company shall be examined and the correctness of the financial statements and consolidated financial statements (if any) ascertained by the Auditor, and the provisions of the Act in regard to audit and the Auditor (including the Auditor's powers and duties) shall be observed.

Regulation 49.4

Subject to the provisions of the Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

(q) Alteration of Constitution and the Company's Name

Regulation 53

No regulation under the Constitution shall be rescinded, altered or amended and no new regulation shall be included except as permitted pursuant to the Act and the rules and regulations of the Designated Stock Exchange (or pursuant to any written approval required thereunder), which shall be approved by the Directors and confirmed by a Special Resolution of the Members. A Special Resolution shall be required to change the name of the Company.

(r) Liquidation

Regulation 51.1

A resolution that the Company be voluntarily wound up shall be passed by way of a Special Resolution. Subject to the foregoing, the Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

Regulation 51.2

If the Company shall be wound up, subject to due provision being made for satisfying the claims of any holders of Shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the Shares at the commencement of the winding up.

Regulation 51.3

If the Company shall be wound up (whether the liquidation is voluntary or under the supervision of the Court), the liquidator may, subject to the rights attaching to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the rules and regulations of the Designated Stock Exchange and/or any other applicable regulations or procedures relating to insolvency, divide amongst the Members *in specie* or in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members as he deems fair, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 178 of the Insolvency, Restructuring and Dissolution Act 2018. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any Shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but no Member shall be compelled to accept any asset upon which there is a liability.

Regulation 51.4

In the event of a winding up of the Company every Member of the Company who is not for the time being in Singapore shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder, whether within Singapore or outside Singapore, upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served Provided Always That such householder shall be a person to whom service of such summonses, notices, processes, orders and judgments shall not, in the opinion of the Directors, be unlawful or impracticable. In default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such Member by advertisement in any leading daily newspaper in the English language in circulation in Singapore and Hong Kong, as the case may be, or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

(s) Call on Shares and Forfeiture of Shares

Regulation 17.1

The Company shall have a first and paramount lien and charge on all the Shares that are not fully paid-up registered in the name of a Member (whether solely or jointly with others) and all Dividends, interest and any other distribution from time to time declared in respect of such Shares. Such lien shall be restricted to unpaid calls and instalments upon the specific Shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the Shares of the Member. Subject to the Act, the Directors may at any time waive any lien which has arisen and may declare any Share to be wholly or in part exempt from the provisions of this regulation.

Regulation 17.2

For the purpose of enforcing such lien, the Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within 14 clear days after notice has been given or deemed to have been given to the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.

Regulation 17.3

To give effect to any such sale, the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser and regulation 12 shall apply *mutatis mutandis* to any such sale. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under the Constitution. After his name has been entered in the Register of Members the validity of the sale shall not be impeached by any person.

Regulation 17.4

The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and accrued interest and expenses, and any balance shall be paid to the person entitled to the Shares at the date of the sale or his executors, trustees, administrators or assignees or as he directs; Provided Always That the Company shall be entitled to a lien upon such residue in respect of any money due to the Company but not presently payable like to that which it had upon the Shares immediately before the sale thereof.

Regulation 17.5

A statutory declaration in writing by a Director or the Secretary that the declarant is a Director or the Secretary of the Company, and that a Share has been sold to satisfy a lien on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the Share. Such declaration and the receipt of the Company for the consideration (if any) given for the Share on the sale or disposal thereof together (where the same be required) with the Share certificate delivered to a purchaser thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the Share and the Share shall be registered in the name of the person to whom the Share is sold or disposed of, and the person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the Share.

Regulation 18.1

No Member shall be entitled to receive any Dividends or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Regulation 18.2

Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares, and each Member shall (subject to being given at least 14 clear days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

Regulation 18.3

A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

Regulation 18.5

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate not exceeding eight per cent. (8%) per annum as well before as after judgement as the Directors may determine (and in addition all costs, charges and expenses that have been incurred by the Company or which the Company may become liable for in order to procure payment of or by reason of such non-payment), but the Directors may waive payment of the interest, costs, charges or expenses wholly or in part.

Regulation 18.6

Any sum which, by the terms of issue of a Share, becomes payable on allotment or at any fixed date and any instalment of a call shall for all purposes of the Constitution be deemed to be a call duly made and payable on the date on which, by the terms of issue of the Share, the sum becomes payable. In the case of non-payment, all the regulations of the Constitution as to payment of interest and expense, forfeiture or otherwise shall apply as if such amount had become due and payable by virtue of a call duly made and notified.

Regulation 18.7

The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.

Regulation 18.8

The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate not exceeding (unless the Company in a general meeting shall otherwise direct) eight per cent. (8%) per annum as well before as after judgement as the Member paying such sum and the Directors may agree upon. Such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the Shares in respect of which it is made. Capital paid on Shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

Regulation 18.9

No such amount paid in advance of calls shall entitle the Member paying such amount to participate in respect thereof in a Dividend and any other distribution subsequently declared.

Regulation 19.1

If a call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify a further day (not being less than 14 clear days from the date of service of the notice) on or before which the payment required by the notice is to be made. The notice shall also specify where payment is to be made and shall state that if the notice is not complied with, the Shares in respect of which the call was made will be liable to be forfeited.

Regulation 19.2

If the requirements of any such notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends or other monies payable in respect of the forfeited Share and not actually paid before the forfeiture notwithstanding that they shall have been declared. The Directors may accept a surrender of any Share liable to be forfeited hereunder.

Regulation 19.3

The forfeiture or surrender of a Share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the Share, and all other rights and liabilities incidental to the Share as between the Member whose Share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by the Constitution expressly saved, or as are by the Act given or imposed in the case of past Members.

Regulation 19.4

Notwithstanding any such forfeiture, the Directors may, at any time before the forfeited Share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the Share and upon such further terms (if any) as they shall see fit.

Regulation 19.5

A Share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person, the Directors may, if necessary, authorise some person to execute an instrument of transfer of the Share in favour of that other person as aforesaid and regulation 12 shall apply *mutatis mutandis* to any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale, forfeiture or disposal under the Constitution.

Regulation 19.6

The Company may receive the consideration, if any, given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed and he shall thereupon be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

Regulation 19.7

If any Shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose Shares have been forfeited, or his executors, trustees, administrators or assignees or as he directs.

Regulation 19.8

A person any of whose Shares have been forfeited or surrendered shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest thereon at eight per cent. (8%) per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares. The Directors may at their absolute discretion enforce payment without any allowance for the value of the Shares at that time of forfeiture or surrender or waive payment in whole or in part.

Regulation 19.9

Notice of any forfeiture shall forthwith be given to the holder of the Share forfeited or to the person entitled by transmission to the Share forfeited as the case may be. An entry of the forfeiture with the date thereof and the fact of the notice given shall be made in the Register of Members opposite the Share. The provisions of this regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.

Regulation 19.10

A statutory declaration in writing by a Director or the Secretary that the declarant is a Director or the Secretary of the Company, and that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The declaration and the receipt of the Company of the consideration (if any) given for the Share on the sale, re-allotment or disposal thereof together (where the same be required) with the Share certificate delivered to the purchaser or allottee thereof shall (subject to the execution of an instrument of transfer) constitute a good title to the Share.

Regulation 19.11

The regulations of the Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, as if it had been payable by virtue of a call duly made and notified.

Regulation 27.4

No person shall be entitled to vote at any general meeting either personally or by proxy or other duly authorised representative unless he is registered as a Member not less than 48 hours before the time appointed for holding such meeting nor unless all calls or other monies then payable by him in respect of the Shares have been paid.

(t) Transmission of Shares

Regulation 20.1

If a Member dies, the survivor or survivors (where he was a joint holder) or the legal personal representatives, executors, trustees or administrators of the deceased (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his interest in his Shares but nothing herein shall release the estate of a deceased Member from any liability in respect of any Share, for which he was a joint or sole holder.

Regulation 20.2

Any person becoming entitled to the legal title in a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer), and any guardian of an infant becoming entitled to the legal title in a Share of a Member, and any person as properly has the management of the estate of a Member who is mentally disordered and incapable of managing himself or his affairs or any person becoming entitled to a Share by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that Share may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share in the Register of Members or to have some person nominated by him registered as the holder of such Share in the Register of Members, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by a Member. If he elects to have another person registered as the holder of such Share, he shall testify his election by executing to that person a transfer of such Share. All the limitations, restrictions and provisions of the Constitution relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid, as if the event upon which transmission took place had not occurred and the transfer were a transfer executed by the relevant Member from whom the title by transmission is derived.

Regulation 20.3

Subject as hereinafter provided, a person becoming entitled to a Share pursuant to regulation 20.2 shall be, upon production of such evidence as may from time to time be properly required by the Directors, entitled to, and may give a discharge for, the same Dividends and other monies payable to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming registered in the Register of Members in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but all the limitations, restrictions and regulations of the Constitution relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such transfer as aforesaid, as if the event upon which transmission took place had not occurred and the transfer were a transfer executed by the relevant Member from whom the title by transmission is derived). If the notice is not complied with within 90 days of being given or deemed to be given (as determined pursuant to the Constitution) the Directors may thereafter withhold payment of all Dividends or other monies payable in respect of the Share until the requirements of the notice have been complied with.

Regulation 20.4

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Shares, such fee not exceeding the lower of S$2 or the relevant maximum amount as the Designated Stock Exchange may from time to time determine or such other fee as the Directors may determine.

Regulation 50.6

A person entitled to a Share in consequence of the death or bankruptcy of a Member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the Share, and upon supplying also to the Company an address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the Member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any Member or given, sent or served to any Member using electronic communications in pursuance of the Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any Share registered in the name of such Member in the Register of Members as sole or first-named joint holder.

(u) Untraceable Members

Regulation 23.1

Without prejudice to the rights of the Company under regulation 23.2, the Company may cease sending cheques for Dividend entitlements or Dividend warrants by post if such cheques or warrants have been left uncashed on two (2) consecutive occasions. However, the Company may exercise the power to cease sending cheques for Dividend entitlements or Dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

Regulation 23.2

The Company shall have the power to sell, in such manner as the Directors think fit and in accordance with the requirements of any applicable law, any Shares of a Member who is untraceable, but no such sale shall be made unless:

(a) all cheques or warrants in respect of Dividends of the Shares in question, being not less than three (3) in total number, for any sum payable in cash to the holder of such Shares in respect of them sent during the relevant period in the manner authorised by the Constitution have remained uncashed;

(b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such Shares or of a person entitled to such Shares by death, bankruptcy or operation of law; and

(c) the Company, if so required by the rules and regulations of the Designated Stock Exchange, has given notice to the Designated Stock Exchange, and caused advertisement to be made in newspapers in accordance with the requirements of the Designated Stock Exchange, of its intention to sell such Shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing 12 years before the date of publication of the advertisement referred to in regulation 23.2(c) and ending at the expiry of the period referred to in regulation 23.2(c).

Regulation 23.3

To give effect to any such sale the Directors may authorise some person to transfer the said Shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such Shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this regulation shall be valid and effective notwithstanding that the Member holding the Shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

(v) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Regulation 33.1

The business and affairs of the Company shall be managed or supervised by the Directors who may exercise all the powers of the Company except any power that the Act or the Constitution requires the Company to exercise in general meeting, Provided That the Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in a general meeting. The general powers given by this regulation 33.1 shall not be limited or restricted by any special authority or power given to the Directors by any other regulation.

(w) Proceedings of the Board

Regulation 36.1

The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two (2) if there are two (2) or more Directors, and shall be one (1) if there is only one (1) Director. Subject to regulation 41.4, a person, who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A meeting of the Directors or any committee of Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors or such committee of Directors.

Regulation 36.2

Subject to the regulations of the Constitution, the Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and a determination by a majority of Directors is for all purposes treated as a determination of the Directors. In the case of an equality of votes, the chairman shall not have a second or casting vote.

Regulation 36.3

A person may participate in a meeting of the Directors or any committee of Directors by conference telephone or video conference telephone or other communications equipment by means of which all the persons participating in the meeting are able to hear and be heard by or can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum in accordance with the Constitution, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held on the day and at the time at which the conference was held, and all Directors participating at that meeting shall be deemed for all purposes of these regulations to be present at that meeting. The minutes of such a meeting signed by the Chairman of the meeting shall be conclusive evidence of any resolution of any meeting so conducted. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the chairman is located at the start of the meeting.

Regulation 36.9

All acts done by any meeting of the Directors or of a committee of the Directors (including any person acting as an alternate Director) shall, as regards all persons dealing in good faith with the Company, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.

(x) Personal Data and Secrecy

Regulation 54

No Member shall be entitled to require discovery of or any information relating to any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Members to communicate to the public save as may be authorised by law or the rules and regulations of the Designated Stock Exchange.

Personal Data

Regulation 55.1

A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

(a) implementation and administration of any corporate action by the Company (or its agents or service providers);

(b) internal analysis and/or market research by the Company (or its agents or service providers);

(c) investor relations communications by the Company (or its agents or service providers);

(d) administration by the Company (or its agents or service providers) of that Member's holding of Shares in the capital of the Company;

(e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;

(f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any general meeting (including any adjournment or postponement thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any general meeting (including any adjournment or postponement thereof);

(g) implementation and administration of, and compliance with, any provision of the Constitution;

(h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines;

(i) any other purposes specified in the Company's prevailing privacy or data protection policies; and

(j) purposes which are reasonably related to any of the above purpose.

Regulation 55.2

Any Member who appoints a proxy and/or representative for any general meeting and/or any adjournment or postponement thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and/or disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in regulation 55.1(f) and for any purposes reasonably related to regulation 55.1(f), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of or in connection with such Member's breach of warranty.

B. SALIENT PROVISIONS OF THE CORPORATE LAWS OF SINGAPORE

The following is a summary of the salient provisions of the corporate laws of Singapore as at the date of this prospectus which are applicable to a Singapore incorporated company. The summaries below are for general guidance only and do not constitute legal advice, nor shall they be used as a substitute for specific legal advice on the corporate laws of Singapore. The summaries below are not meant to be a comprehensive or exhaustive description of all the obligations, rights and privileges of shareholders imposed or conferred by the corporate laws of Singapore. In addition, investors and/or shareholders should also note that the laws applicable to shareholders may change, whether as a result of proposed legislative reforms to the laws of Singapore or otherwise. Investors and/or shareholders should consult their own legal advisors for specific and independent legal advice concerning their legal obligations under the relevant laws of Singapore.

The relevant Singapore legislations cited in the summaries below on display on the websites of the Stock Exchange and the Company as specified in "*Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display*" in Appendix VI to this prospectus.

Reporting Obligations of Shareholders

As the shares of the Company are not listed for quotation on the official list of a "securities exchange" (as such term is defined under the Securities and Futures Act 2001 of Singapore (the "**SFA**") and which term does not include the Stock Exchange), the Company is not subject to the provisions of Subdivision (2) of Division 1 to Part 7 of the SFA regulating substantial shareholding reporting obligations.

Prohibited Conduct in Relation to Trading in the Capital Markets Products of the Company under Part 12 of the SFA

Prohibition against False Trading and Market Manipulation

Sections 197 and 202 of the SFA

Sections 197(1), (1A) and (2) of the SFA prohibit a person from:

(a) doing any thing, causing any thing to be done or engaging in any course of conduct for the purpose of creating a false or misleading appearance:

(i) of active trading in any capital markets products on an organised market; or

(ii) with respect to the market for, or the price of, any capital markets products traded on an organised market;

(b) doing any thing, causing any thing to be done or engaging in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products traded on an organised market, or with respect to the market for, or the price of, such capital markets products, if:

(i) the person knows that doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) will create, or will be likely to create, that false or misleading appearance; or

(ii) the person is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) will create, or will be likely to create, that false or misleading appearance; or

(c) maintaining, inflating, depressing, or causing fluctuations in, the market price of any capital markets products by:

(i) means of any purchase or sale of any capital markets products that does not involve a change in the beneficial ownership of those capital markets products; or

(ii) any fictitious transaction or device.

Under Sections 197(3) and (4) of the SFA, it is presumed that a person's purpose, or one of a person's purposes, is to create a false or misleading appearance of active trading in capital markets products on an organised market if the person:

(a) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of the capital markets products, being a transaction that does not involve any change in the beneficial ownership of the capital markets products;

(b) makes or causes to be made an offer to sell the capital markets products at a specified price where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first-mentioned price; or

(c) makes or causes to be made an offer to purchase the capital markets products at a specified price where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price,

unless the person establishes that the purpose or purposes for which the person did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in the capital markets products on the organised market.

Section 197(5) of the SFA provides that a purchase or sale of capital markets products does not involve a change in the beneficial ownership if a person who had an interest in the capital markets products before the purchase or sale, or a person associated with the first-mentioned person in relation to those capital markets products, has an interest in the capital markets products after the purchase or sale.

Section 197(6) of the SFA provides a defence in proceedings against a person in relation to a purchase or sale of capital markets products that did not involve a change in the beneficial ownership of those capital markets products. It is a defence if the person establishes that the purpose or purposes for which the person purchased or sold the capital markets products was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, the capital markets products.

Prohibition against Market Manipulation in relation to Securities and Securities-based Derivatives Contracts

Section 198 of the SFA

Under Section 198(1) of the SFA, no person shall effect, take part in, be concerned in or carry out, directly or indirectly, two or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of the securities, or securities-based derivatives contracts (as the case may be) of the corporation on an organised market with intent to induce other persons to subscribe for, sell or purchase them or the securities, or securities-based derivatives contracts (as the case may be) of the corporation or of a related corporation.

Section 198(3) of the SFA provides that transactions in securities or securities-based derivatives contracts of a corporation includes the making of:

(a) an offer to purchase or sell such securities or securities-based derivatives contracts of the corporation, as the case may be; and

(b) an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts of the corporation, as the case may be.

Prohibition against the Manipulation of the Market Price of Capital Markets Products by the Dissemination of False or Misleading Information and the Dissemination of Information about Illegal Transactions

Sections 199 and 202 of the SFA

Section 199 of the SFA prohibits the making of false or misleading statements. Under Section 199 of the SFA, a person must not make a statement, or disseminate information, that is false or misleading in a material particular and is likely:

(a) to induce other persons to subscribe for securities or securities-based derivatives contracts;

(b) to induce the sale or purchase of securities or securities-based derivatives contracts by other persons; or

(c) to have the effect (whether significant or otherwise) of raising, lowering, maintaining or stabilising the market price of securities or securities-based derivatives contracts,

if, when the person makes the statement or disseminates the information, the person either does not care whether the statement or information is true or false, or knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Section 202 of the SFA prohibits the circulation or dissemination of information about illegal transactions. Section 202 of the SFA prohibits the circulation or dissemination (or authorising or being concerned in the circulation or dissemination) of any statement or information to the effect that the price of any securities or securities-based derivatives contract of a corporation will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to securities or securities-based derivatives contracts of that corporation, or of a corporation that is related to that corporation (as the case may be) which to the person's knowledge, was entered into or done in contravention of Sections 197, 198, 199, 200 or 201 of the SFA or it entered into or done would be in contravention of Sections 197, 198, 199, 200 or 201 of the SFA.

This prohibition under Section 202 of the SFA applies where the person who is circulating or disseminating the statements or information:

(a) is the person, or associated with the person, who has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or

(b) is the person, or associated with the person, who has received or expects to receive (whether directly or indirectly) any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the statement or information.

Prohibition against Fraudulently Inducing Persons to Deal in Capital Markets Products

Section 200 of the SFA

Section 200 of the SFA prohibits a person from inducing or attempting to induce another person to deal in capital markets products by:

(a) making or publishing any statement, promise or forecast that the person knows or ought reasonably to have known to be misleading, false or deceptive;

(b) any dishonest concealment of material facts;

(c) the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or

(d) recording or storing in, or by means of, any mechanical, electronic or other device information that the person knows to be false or misleading in a material particular,

unless it is established that, at the time when the person so recorded or stored the information, the person had no reasonable grounds for expecting that the information would be available to any other person.

Prohibition against Employment of Manipulative and Deceptive Devices

Section 201 of the SFA

Section 201 of the SFA prohibits a person from, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products:

(a) employing any device, scheme or artifice to defraud;

(b) engaging in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person;

(c) making any statement the person knows to be false in a material particular; or

(d) omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

Prohibition against Insider Trading

Sections 218 and 219 of the SFA

Pursuant to Sections 218 and 219 of the SFA, where:

(a) a person who is connected to a corporation ("**Connected Person**") (i) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities, securities-based derivatives contracts ("**Information**"); and (ii) knows or ought reasonably to know that the Information is not generally available, and if it were generally available, it might have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; or

(b) a person who is not a Connected Person referred to in Section 218 of the SFA ("**Insider**") (i) possesses Information; and (ii) knows that the Information is generally available, and if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts,

the Connected Person or the Insider (as the case may be) is prohibited from:

(A) (whether as principal or agent) subscribing for, purchasing or selling, or entering into an agreement to subscribe for, purchase or sell, or procuring another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, the securities or securities-based derivatives contracts of that corporation; and

(B) directly or indirectly communicating the Information, or cause the Information to be communicated to another person if the Connected Person or Insider knows, or ought reasonably to know, that the other person would or would be likely to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, the securities or securities-based derivatives contracts of that corporation.

Such Connected Persons include officers and substantial shareholders of a corporation or a related corporation, and persons who occupy a position reasonably expected to give the person access to information by virtue of any professional or business relationship between the person (or the person's employer or a corporation of which the person is an officer) and the corporation or a related corporation, or by being an officer of a substantial shareholder in that corporation or in a related corporation.

In any proceedings against a person for a contravention of Sections 218 or 219 of the SFA, Section 220 of the SFA makes it clear that it is not necessary for the prosecution or the claimant to prove that the accused person or defendant intended to use the information referred to in Sections 218(1)(a), 218(1A)(a) or 219(1)(a) of the SFA in contravention of Sections 218 or 219 of the SFA, as the case may be.

Section 216 of the SFA

Section 216 of the SFA provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities or securities-based derivatives contracts if the information would, or would be likely to, influence (a) persons who commonly invest in the securities or securities-based derivatives contracts, or (b) any one or more classes of persons who constitute such persons mentioned in (a), in deciding whether or not to subscribe for, buy or sell the first-mentioned securities or securities-based derivatives contracts.

Penalties

Section 232 of the SFA

Sections 232(1) and 232(2) of the SFA provide that the Monetary Authority of Singapore may, with the consent of the Public Prosecutor, bring an action in a court against the offender to seek an order for a civil penalty in respect of any contravention of the provisions in Part 12 of the SFA. If the court is satisfied on the balance of probabilities that the person has contravened a provision in Part 12 of the SFA, the court may make an order against the person for the payment of a civil penalty of a sum not exceeding the greater of the following:

(a) three (3) times (i) the amount of the profit that the person gained; or (ii) the amount of the loss that the person avoided, as a result of the contravention; or

(b) S$2 million.

Section 232(3) of the SFA provides that the civil penalty ordered by the court under Section 232(2) of the SFA must not be less than S$100,000 in the case where the person is a corporation, and S$50,000 in any other case.

Section 232(5) of the SFA provides that nothing in Section 232 of the SFA prevents the Monetary Authority of Singapore from entering into an agreement with any person to pay, with or without admission of liability, a civil penalty within the limits referred to in Sections 232(2) and 232(3) of the SFA for a contravention of any provision in Part 12 of the SFA.

Section 204 of the SFA

Under Section 204(1) of the SFA, any person who contravenes Division 1 of Part 12 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 204(2) of the SFA further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of any of the provisions under Division 1 of Part 12 of the SFA after a court has made an order against the person for the payment of a civil penalty under Section 232 of the SFA, or if the person has entered into an agreement with the Monetary Authority of Singapore to pay, with or without admission of liability, a civil penalty under Section 232(5) of the SFA in respect of that contravention.

Section 221 of the SFA

Under Section 221(1) of the SFA, any person who contravenes Sections 218 or 219 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 221(2) of the SFA further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of Sections 218 or 219 of the SFA after a court has made an order against the person for the payment of a civil penalty under Section 232 of the SFA, or if the person has entered into an agreement with the Monetary Authority of Singapore to pay, with or without admission of liability, a civil penalty under Section 232(5) of the SFA in respect of that contravention.

Civil Liability

Section 234 of the SFA

Section 234 of the SFA provides that a person who has contravened any of the provisions in Part 12 of the SFA (a "**Contravening Person**") is, if the Contravening Person had gained a profit or avoided a loss as a result of that contravention, whether or not the Contravening Person had been convicted or had a civil penalty imposed on the Contravening Person in respect of that contravention, liable to pay compensation to any person who:

(a) had been dealing in capital markets products of the same description contemporaneously with the contravention; and

(b) had suffered loss by reason of the difference between:

(i) the price at which the capital markets products were dealt in contemporaneously with the contravention; and

(ii) the price at which the capital markets products would have been likely to have been so dealt in at the time of the contemporaneous dealing if:

(A) in the case where the Contravening Person had acted in contravention of Sections 218 or 219 of the SFA, the Information had been generally available; or

(B) in any other case, the contravention had not occurred.

Extra-territoriality of the SFA

Section 339 of the SFA

Section 339(1) of the SFA provides that where a person does an act partly in and partly outside Singapore, which, if done wholly in Singapore, would constitute an offence against any provision of the SFA, which would include the provisions relating to prohibited conduct in relation to trading in the capital markets products of the company and insider trading (as described above), that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore, and may be dealt with as if the offence were committed wholly in Singapore.

Section 339(2) of the SFA provides that where:

(a) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and

(b) that act would, if carried out in Singapore, constitute an offence under the provisions relating to prohibited conduct in relation to trading in the capital markets products of the company and insider trading (as described above),

that person shall be guilty of an offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

In addition, for the purposes of an action under Sections 232 or 234 of the SFA, where a person:

(a) does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute a contravention of any provision of Part 12 of the SFA; or

(b) does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore and that act, if carried out in Singapore, would constitute a contravention of any provision of Part 12 of the SFA,

the act shall be treated as being carried out by that person in Singapore.

Alteration of Constitution, Name Change and Conversion to Public Company

Section 26 of the Singapore Companies Act

Under Section 26(1) of the Singapore Companies Act, unless otherwise provided in the Singapore Companies Act, the constitution of a company may be altered or added to by special resolution.

This is subject to Section 26A of the Singapore Companies Act, which provides that an entrenching provision in the constitution of a company may be removed or altered only if all members of the company agree. An "entrenching provision" means a provision of the constitution to the effect that other specified provisions in the constitution (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except (i) by a resolution passed by a specified majority greater than 75%; or (ii) where other specified conditions are met.

Section 28 of the Singapore Companies Act

Under Section 28(1) of the Singapore Companies Act, a company may by special resolution resolve that its name should be changed to a name that is permissible to be registered under the Singapore Companies Act.

Section 31 of the Singapore Companies Act

Under Section 31(2) of the Singapore Companies Act, a private company may, subject to its constitution, convert to a public company by lodging with the Singapore Registrar of Companies:

(a) a copy of a special resolution determining to convert to a public company and specifying an appropriate alteration to its name;

(b) a statement in lieu of prospectus; and

(c) a declaration in the prescribed form verifying that every director of the company has paid to the company on each of the shares taken or contracted to be taken by him or her, and for which he or she is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares payable in cash.

On compliance with the foregoing and on the issue of a notice of incorporation altered accordingly, the company becomes a public company.

Section 31(4) of the Singapore Companies Act provides that a conversion of a company does not affect the identity of the company or any rights or obligations of the company or render defective any legal proceedings by or against the company, and any legal proceedings that could have been continued or commenced by or against it prior to the conversion may, despite any change in the company's name or capacity in consequence of the conversion, be continued or commenced by or against it after the conversion.

Share Capital

Section 161 of the Singapore Companies Act

Under Section 161 of the Singapore Companies Act, despite anything in a company's constitution, the directors of a company must not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.

Such approval may be confined to a particular exercise of that power or may apply to the exercise of that power generally; and any such approval may be unconditional or subject to conditions. Any approval, once given, continues in force until (a) the conclusion of the next annual general meeting commencing next after the date on which the approval was given; or (b) the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

Section 64A of the Singapore Companies Act

Pursuant to Section 64A of the Singapore Companies Act, and subject to the approval of the shareholders of a public company incorporated in Singapore by special resolution, different classes of shares in the public company may be issued only if (a) the issue of the class or classes of shares is provided for in the constitution of the public company; and (b) the constitution of the public company sets out in respect of each class of shares the rights attached to that class of shares. Such class or classes of shares may confer special, limited or conditional voting rights, or not confer any voting rights.

Section 71 of the Singapore Companies Act

Under Section 71 of the Singapore Companies Act, a company, if so authorised by its constitution, may in general meeting alter its share capital in any one of more of the following ways: (a) consolidate and divide all or any of its share capital; (b) convert all or any of its paid- up shares into stock and reconvert that stock into paid- up shares; (c) subdivide its shares or any of them, so however that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share is the same as it was in the case of the share from which the reduced share is derived; and (d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

Financial Assistance to Purchase Shares of a Company or its Holding Company

Generally, pursuant to Section 76 of the Singapore Companies Act, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving financial assistance, whether directly or indirectly, for the purpose of, or in connection with, the acquisition or proposed acquisition by any person of shares in the company or its holding company or ultimate holding company (as the case may be) of the company.

Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security or the release of a debt or obligation or otherwise. Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited, including but not limited to: (a) the distribution of a company's assets by way of dividends; (b) a distribution in the course of a company's winding up; (c) the payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; (d) the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares or units of shares in the company; (e) the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments; (f) an allotment of bonus shares; (g) a redemption of redeemable shares of a company in accordance with the company's constitution; or (h) the payment of some or all of the costs by a company listed on an approved exchange in Singapore or any securities exchange outside Singapore associated with a scheme, an arrangement or a plan under which any shareholder of the company may purchase or sell shares for the sole purpose of rounding off any odd-lots which the shareholder owns.

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (a) where the amount of financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (b) where the giving of financial assistance does not materially prejudice the interests of the company or its shareholders or, the company's ability to pay its creditors; or (c) where the financial assistance is approved unanimously by the shareholders of the company, provided that, in each case, certain conditions and procedures under the Singapore Companies Act are also complied with.

Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company (as the case may be) is also required to pass a special resolution to approve the giving of the financial assistance.

Purchase of Shares by a Company

The Singapore Companies Act generally prohibits a company from acquiring its own shares, subject to certain exceptions. Any contract or transaction by which a company acquires its own shares is void, subject to the exceptions below. Provided that it is expressly permitted to do so by its constitution and subject to the special conditions of each permitted acquisition contained in the Singapore Companies Act, a company may:

(a) redeem redeemable preference shares. Preference shares may be redeemed out of capital if all the directors make a solvency statement in relation to such redemption in accordance with the Singapore Companies Act;

(b) make an off-market purchase of its own shares in accordance with an equal access scheme authorised in advance at a general meeting;

(c) make a selective off-market purchase of its own shares in accordance with an agreement authorised in advance at a general meeting by a special resolution where persons whose shares are to be acquired and their associated persons abstain from voting on such resolution;

(d) make an acquisition of its own shares under a contingent purchase contract which has been authorised in advance at a general meeting by a special resolution; and

(e) make a market purchase of its own shares which has been authorised in advance at a general meeting.

A company may also purchase its own shares by an order of a Singapore court.

During the period (a) commencing from the date of the resolution passed pursuant to the relevant share purchase provisions under the Singapore Companies Act; and (b) expiring on the date the next annual general meeting of the company is or is required by law to be held, whichever is the earlier (the "**relevant period**"), the total number of ordinary shares that may be purchased by a company in such relevant period may not exceed 20.0% of the total number of ordinary shares in that class as of the date of the resolution passed pursuant to the relevant share purchase provisions under the Singapore Companies Act. Where, however, the company has, at any time during the relevant period, reduced its share capital by a special resolution of the general meeting or a Singapore court made an order to such effect, the total number of ordinary shares shall be taken to be the total number of ordinary shares in that class as altered by the special resolution or the order of the court, as the case may be.

A payment by the company in consideration of a purchase of its own shares may be made out of the company's profits or capital, provided that the company is solvent.

Where ordinary shares are re-purchased, such shares may be held as treasury shares or cancelled immediately on purchase or acquisition, as provided in the Singapore Companies Act. Treasury shares may be dealt with in such manner as may be permitted under the Singapore Companies Act. On the cancellation of the shares, the rights and privileges attached to those shares will expire.

Treasury Shares

Section 76J of the Singapore Companies Act

Pursuant to Section 76J(3) of the Singapore Companies Act, a company is to be treated as having no right to vote in respect of any treasury shares it may hold, and the treasury shares shall be treated as having no voting rights.

A company must not exercise any right in respect of the treasury shares (including any right to attend or vote at meetings) and any purported exercise of such a right is void.

Pursuant to Section 76J(4) of the Singapore Companies Act, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, to the company in respect of the treasury shares.

Nothing in the aforementioned sections of the Singapore Companies Act shall be taken as preventing:

(a) an allotment of shares as fully paid bonus shares in respect of the treasury shares; or

(b) the subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Takeovers

Offences and Obligations relating to Takeovers

Section 140 of the SFA

Section 140 of the SFA provides that a person must not give notice or publicly announce that the person intends to make a takeover offer if the person has:

(a) no intention to make a takeover offer; or

(b) no reasonable or probable grounds for believing that the person will be able to perform the person's obligations if the takeover offer is accepted or approved, as the case may be.

A person who contravenes Section 140 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Obligations under the Singapore Takeover Code

The Singapore Takeover Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Pursuant to Section 139 of the SFA, the Singapore Takeover Code applies to a takeover offer and to matters connected therewith, and all parties concerned in a takeover offer or a matter connected therewith must comply with its provisions. The Singapore Takeover Code is administered by the Securities Industry Council of Singapore, an advisory body which is given statutory recognition under Section 138 of the SFA.

Under the Singapore Takeover Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Except with the consent of the Securities Industry Council of Singapore, where:

(a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights of a company, such person shall extend immediately a takeover offer (a "**mandatory offer**") for the remaining shares of the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares, in accordance with the provisions of the Singapore Takeover Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, also have the obligation to extend an offer.

"**Persons acting in concert**" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Without prejudice to the general application of this definition, the following individuals and companies are presumed to be acting in concert with each other (unless the contrary is established):

(a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

In the event that one of the abovementioned trigger points is reached, the person acquiring an interest (the "**Offeror**") must make a public announcement of its firm intention to make an offer (the "**Offer Announcement**") stating, *inter alia*, the terms of the offer and the identity of the Offeror. The Offeror must post an offer document (the "**Offer Document**") not earlier than 14 days and not later than 21 days from the date of the Offer Announcement. An offer must be kept open for at least 28 days after the date on which the Offer Document was posted.

If a revised offer is proposed, the Offeror is required to give a written notice to the offeree company and its shareholders, stating the modifications made to the matters set out in the Offer Document. The revised offer must be kept open for at least 14 days from the date of posting of the written notification of the revision to shareholders. Where the consideration is varied, shareholders who agree to sell before the variation are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the Offeror or parties acting in concert with the Offeror within the six (6) months prior to commencements of the mandatory offer obligation.

Consequence of non-compliance with the requirements under the Singapore Takeover Code

The Singapore Takeover Code is non-statutory in that it does not have the force of law. Therefore, as provided in Section 139(8) of the SFA, a failure of any party concerned in a takeover offer or a matter connected therewith to observe any of the provisions of the Singapore Takeover Code shall not of itself render that party liable to criminal proceedings. However, the failure of any party to observe any of the provisions of the Singapore Takeover Code may, in any civil or criminal proceedings, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings.

Notwithstanding the foregoing, Section 139(9) of the SFA provides that nothing in Section 139(8) of the SFA is to be construed as preventing the Securities Industry Council of Singapore from invoking such sanctions (including public censure) as it may decide in relation to breaches of the Singapore Takeover Code by any party concerned in a takeover offer or a matter connected therewith.

Sections 139(10) and 139(11) of the SFA further provides that where the Securities Industry Council of Singapore has reason to believe that any party concerned in a takeover offer or a matter connected therewith, or any person advising on a takeover offer or a matter connected therewith, is in breach of the provisions of the Singapore Takeover Code or is otherwise believed to have committed acts of misconduct in relation to such takeover offer or matter, the Securities Industry Council of Singapore has power to enquire into the suspected breach or misconduct and may, for this purpose, summon any person to give evidence on oath or affirmation or produce any document or material necessary for the purpose of the enquiry.

Compulsory Acquisition

Section 215 of the Singapore Companies Act

Under Section 215(1) of the Singapore Companies Act, where a scheme or contract ("**Offer**") involving the transfer of all of the shares in any particular class in a company ("**Offeree Company**") to the Offeror has, within four (4) months after the making of the Offer by the Offeror, been approved by the holders of not less than 90.0% of the total number of those shares (excluding treasury shares) or of the shares of that class (other than the shares already held at the date of the Offer by the Offeror (which shall include its nominees and related corporations)), the Offeror may at any time within two (2) months after the approval of the Offer give notice to any dissenting shareholder of the Offeree Company (each, a "**Dissenting Shareholder**") that it desires to acquire the Dissenting Shareholder's shares.

When such a notice is given, the Offeror shall, unless a Singapore court otherwise orders on an application made by the Dissenting Shareholder within the stipulated time period, be entitled and bound to acquire those shares on the terms of the original Offer (unless otherwise specified in the Offer as being applicable to Dissenting Shareholders).

Under Section 215(3) of the Singapore Companies Act, where pursuant to an Offer, shares in the company are transferred to the Offeror or its nominee and those shares together with any other shares held by the Offeror (which shall include its nominees and related corporations) as at the date of transfer comprise or include 90.0% of the total number of shares or any class of shares in the Offeree Company, the Offeror must, within one (1) month from the date of the transfer (unless on a previous transfer pursuant to the Offeror it has already complied with this requirement), give notice to the holders of the remaining shares or of the remaining shares of that class who have not assented to the Offer, who may, within three (3) months from the giving of the notice to such holders, require the Offeror to acquire their shares. When such a notice is given, the Offeror is entitled and bound to acquire those shares on the terms of the original Offer, or on such other terms as are agreed or as the court on application of either the Offeror or the shareholder thinks fit to order.

Dividends and Distributions

Section 403 of the Singapore Companies Act provides that no dividends may be paid to shareholders of a company except out of the company's profits. Section 76J(4) of the Singapore Companies Act also provides that no dividend may be paid, and no other distribution (whether in cash or otherwise) of a company's assets (including any distribution of assets to members on a winding up) may be made to the company in respect of shares held by a company as treasury shares.

Minority Rights

Section 216 of the Singapore Companies Act

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the company, as they think fit to remedy any of the following situations:

(a) the affairs of the company are being conducted or the powers of the directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or

(b) that some act of the company has been done or is threatened, or some resolution of the shareholders or any class of them has been passed or is proposed, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and may make such order as the court thinks fit with the view to bringing an end or remedying the matters complained of. Without limiting the foregoing, Singapore courts may:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of the affairs of the company in the future;

(c) authorise civil proceedings to be brought in the name of, or on behalf of, the company by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of the shares of the company by other members of the company or by the company itself;

(e) in the case of a purchase of shares by the company provide for a reduction accordingly of the company's capital;

(f) order the amendment of the company's constitution; or

(g) provide that the company be wound up.

Disposal of Assets

Under Section 160 of the Singapore Companies Act, despite anything in a company's constitution, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property.

Accounting and Auditing Requirements

Section 199 of the Singapore Companies Act provides that every company must keep accounting and other records that will sufficiently explain the transactions and financial position of the company and enable true and fair financial statements and any documents required to be attached thereto to be prepared, and must cause those records to be kept in such manner as to enable them to be conveniently and properly audited.

Exchange Controls

As at the date of this document, no exchange control restrictions are in effect in Singapore.

Members' Requisition to Convene Extraordinary General Meetings

Section 176 of the Singapore Companies Act

Section 176 of the Singapore Companies Act provides that despite anything in the constitution, the directors of a company must, on the requisition of members holding at the date of the deposit of the requisition not less than 10.0% of the total number of paid-up shares as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than 10.0% of the total voting rights of all members having at that date a right to vote at general meetings, immediately proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two (2) months after the receipt by the company of the requisition.

For the purpose of Section 176 of the Singapore Companies Act, any of the company's paid-up shares held as treasury shares are to be disregarded.

Section 183 of the Singapore Companies Act

Section 183 of the Singapore Companies Act provides that (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S$500, may requisition the company to:

(a) give to members of the company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting or for which agreement is sought; and

(b) circulate to members entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Loans to Directors

Section 162 of the Singapore Companies Act provides that subject to specified exceptions, a company, other than an exempt private company, is prohibited from making a restricted transaction. Restricted transactions include (a) making a loan or quasi-loan to a director of the company or a related company ("**relevant director**") or to the spouse or natural, step or adopted child of any relevant director; (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to a relevant director by any other person; (c) entering into a credit transaction as creditor for the benefit of a relevant director; (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director; (e) taking part in an arrangement under which another person enters into a transaction that, if it had been entered into by the company, would have been a restricted transaction, and that person, in pursuance of the arrangement, obtains a benefit from the company or a related company; or (f) arranging the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction that, if entered into by the company, would have been a restricted transaction.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

Section 163 of the Singapore Companies Act provides that subject to specified exceptions, a company (the "**first-mentioned company**"), other than an exempt private company, is also prohibited from (a) making loans or quasi-loan to connected persons; (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to connected persons by a third party; (c) entering into a credit transaction for the benefit of connected persons; or (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of connected persons, unless there is prior approval by the first-mentioned company in general meeting for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director or directors, and his, her or their family members, abstained from voting. A "**connected person**" of the first-mentioned company is a company, limited liability partnership or variable capital company in which the director(s) of the first-mentioned company, individually or collectively, have an interest in 20.0% or more (as determined in accordance with the Singapore Companies Act) of the total voting power of the other company, limited liability partnership or the variable capital company, as the case may be.

The prohibition under Section 163 of the Singapore Companies Act does not apply to:

(a) anything done by a company where the other company or variable capital company is its subsidiary, holding company or a subsidiary of its holding company; or

(b) a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

Register of Members

Pursuant to Sections 190 and 191 of the Singapore Companies Act, a public company must keep a register of members at its registered office (the "**Principal Register**"). In addition, Section 196 of the Singapore Companies Act provides that a public company having a share capital may keep a branch register of members (the "**Branch Register**") in any place outside Singapore.

Such Branch Register is deemed to be part of the company's Principal Register and a duplicate of the Branch Register will be kept at the same office as the Principal Register.

Inspection of Corporate Records

Pursuant to Section 192(2) of the Singapore Companies Act, the register of members of a public company incorporated in Singapore shall be open to the inspection of any member without charge.

Register of Directors, Chief Executive Officers, Secretaries and Auditors

Pursuant to Section 173 of the Singapore Companies Act, the register of a company's directors, chief executive officers, secretaries and auditors, if any, must be kept by the Registrar of Companies under the Singapore Companies Act.

Winding Up and Dissolution

The winding up of a company may be done in the following ways:

(a) members' voluntary winding up;

(b) creditors' voluntary winding up;

(c) court compulsory winding up; and

(d) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company.

The type of winding up depends, *inter alia*, on whether the company is solvent or insolvent.

A company may be dissolved:

(a) through the process of liquidation pursuant to the winding up of the company;

(b) in a merger or amalgamation of two (2) companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or

(c) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

Mergers and Similar Arrangements

Section 212 of the Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two (2) or more companies, and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the "**transferor company**") is to be transferred to another company (the "**transferee company**"), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company.

Sections 215A to 215J of the Singapore Companies Act further provide for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two (2) or more companies may amalgamate and continue as one (1) company, which may be one (1) of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating company must make a solvency statement in relation to both the amalgamating company and the amalgamated company.

Indemnification

Subject to specified exceptions, Section 172 of the Singapore Companies Act prohibits a company from indemnifying its officers (including directors acting in an executive capacity) against liability, which by law would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust in relation to that company. A company is not prohibited from (a) purchasing and maintaining for its officers insurance against any such liability; and (b) indemnifying its officers against third party liability, except in circumstances where such liability is for any criminal or regulatory fines or penalties, or where such liability is incurred in respect of (i) the officer defending criminal proceedings in which he or she is convicted; (ii) the officer defending civil proceedings brought by the company or a related company in which judgment is given against him or her; or (iii) in connection with any application under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant the officer relief.

Application of the Singapore Takeover Code and the Hong Kong Takeovers Code

Upon the Listing, as a company incorporated in Singapore with a listing on the Stock Exchange, both the Singapore Takeover Code and the Hong Kong Takeovers Code will apply to the Company. There are certain differences between the Singapore Takeover Code and the Hong Kong Takeovers Code. Shareholders and potential investors in the Company should be aware that any person contemplating an offer for the Shares will need to comply with the requirements relating to offers under both the Singapore Takeover Code and the Hong Kong Takeovers Code. Unless the Securities Industry Council of Singapore disapplies the relevant provisions of the Singapore Takeover Code or the SFC grants a waiver from strict compliance with the relevant provisions of the Hong Kong Takeovers Code, Shareholders and potential investors of the Company will need to comply with the stricter of the requirements under both codes.

Differences between the Singapore Takeover Code and the Hong Kong Takeovers Code

The following table summarises the key requirements and differences between the Singapore Takeover Code and the Hong Kong Takeovers Code for a cash tender offer by a third party.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 6 and Rule 3	**Announcements** An offeror should announce an offer only after the most careful consideration. Before taking any action which may lead to an obligation to make a general offer, a person and his financial advisers should be satisfied that he can and will continue to be able to implement the offer in full.	**Rule 3**	**Timing and Contents of Announcements** The responsibility for making an announcement will normally rest on the offeror if the board of the offeree company has not been approached. The responsibility for making an announcement will normally rest on the offeree company if its board has been approached.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	Timing and Contents of Announcements The responsibility for making an announcement will normally rest on the offeror if the board of the offeree company has not been approached. The responsibility for making an announcement will normally rest on the offeree company if its board has been approached. The offer announcement must set out, *inter alia*, the terms and conditions of the offer, the identities of the offeror and its ultimate controlling shareholder(s), details of the securities subject to the offer, and details of any arrangements in relation to shares of the offeror or offeree company which may be material to the offer.		The offer announcement must set out, *inter alia*, the terms and conditions of the offer, the identities of the offeror and its ultimate parent company, details of the securities subject to the offer, details of any existing holding of voting rights and rights over shares in the offeree company owned or controlled by the offeror or any of its concert parties and details of any arrangements in relation to shares of the offeror or offeree company which may be material to the offer.
Rule 4	**No Withdrawal of an Offer** Where the offeror has announced a firm intention to make an offer (as opposed to an announcement that talks are taking place which may lead to an offer), it cannot withdraw the offer without the consent of the Securities Industry Council ("**Council**"), unless the posting of the offer was expressed as being subject to the prior fulfilment of a specific condition and that condition has not been met.	**Rule 5**	**No Withdrawal of an Offer** When there has been an announcement of a firm intention to make an offer, except with the consent of the Executive Director of the Corporate Finance Division of the SFC (the "**Executive**"), the offeror must proceed with the offer unless the offer is subject to the fulfilment of a specific condition and that condition has not been met.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 7 and Rule 5	**No Frustration of Offers by an Offeree Board** If the board of the offeree company has reason to believe that a *bona fide* offer is imminent, the board must not take any action without the approval of its shareholders that may result in any *bona fide* offer being frustrated or the shareholders being denied an opportunity to decide on its merits.	**Rule 4**	**No Frustration of Offers by an Offeree Board** Once a *bona fide* offer has been communicated to the board of the offeree company or if the board of the offeree company has reason to believe that a *bona fide* offer is imminent, the board of the offeree company must not take any action (save with the approval of its shareholders in general meeting) which could effectively result in an offer being frustrated or in the shareholders of the offeree company being denied an opportunity to decide on the merits of the offer.
General Principles 2, 13 and Rule 6	**Limitations on Directors' Action** While the boards of the offeror and the offeree company and their respective advisers and associates have a primary duty to act in the best interests of their respective shareholders, the General Principles and Rules will inevitably impinge on the freedom of action of boards and persons involved in take-over and merger transactions. They must therefore accept that there are limitations on the manner in which those interests can be pursued in a take-over or merger transaction.	**Introduction to General Principles, General Principle 8, Rule 9 and Schedule 2**	**Limitations on Directors' Actions** While the boards of an offeror and the offeree company and their respective advisers have a duty to act in the best interests of the shareholders of the offeror and offeree company respectively, these General Principles and the Rules will, inevitably, impinge on the freedom of action of boards and persons involved in offers. They must, therefore, accept that there are limitations, in connection with transactions which are the subject of the Hong Kong Takeovers Code on Takeovers and Mergers and Share Buy-backs, on the manner in which the pursuit of those interests can be carried out.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	Duties of Directors with Personal Interests Directors of an offeror or offeree company should, in advising their shareholders, have regard to the interests of shareholders as a whole, and not to their own interests or those derived from personal or family relationships.		**Duties of Directors with Personal Interests** Directors of an offeror and the offeree company must always, in advising their shareholders, act only in their capacity as directors and not have regard to their personal or family shareholdings or to their personal relationships with the companies. They should only consider the shareholders' interests taken as a whole when they are giving advice to shareholders.
	Directors' Responsibilities While the board of directors may delegate the conduct of an offer to individual directors or a committee of directors, proper arrangements must be put in place to enable the board to monitor the offer. Directors who believe they may be conflicted should consult the Council on whether it is appropriate for them to assume responsibility for any recommendation on the offer.		**Directors' Responsibilities** While the board of directors may delegate the conduct of an offer to individual directors or a committee of directors, proper arrangements must be put in place to enable the board to monitor the offer. Where a director has a conflict of interest, such a director may, subject to the consent of the Executive, choose not to assume responsibility for the views of the board of the offeree company on the offer. In such a scenario, the nature of the relevant director's conflict of interest and the reasons for not assuming responsibility should be clearly explained to the offeree company's shareholders.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 8 and Rule 7	**Independent Advice** The board of the offeree company must obtain competent independent advice on any offer and the substance of such advice must be made known to its shareholders. It will not be appropriate for a person who is in the same group as the financial/professional adviser to the offeror (or who otherwise has a substantial interest in or financial connection with either the offeror or the offeree company) to provide the independent advice.	**Rule 2**	**Independent Advice** The board of the offeree company must establish an independent committee to make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting. The independent board committee must obtain competent independent advice on any offer and the substance of such advice, including reasons, must be made known to its shareholders. It will not be appropriate for a person who is in the same group as the financial/professional adviser to the offeror or the offeree company (or who otherwise has, or had, a significant connection with either the offeror or the offeree company, or the controlling shareholder(s) of either of them, of a kind reasonably likely to create, or create the perception of, a conflict of interest or reasonably likely to affect objectivity) to provide the independent advice.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principles 10, 11, 12 and Rule 8	**Sufficient Information and Time to Shareholders** Shareholders should be given sufficient information, advice, and time to enable them to reach an informed decision on an offer, and no relevant information should be withheld from them. **Standards of Care in Documents** Any document or advertisement addressed to shareholders containing information, opinions or recommendations from the board of an offeror or offeree company or its advisers, should, as with a prospectus, meet the highest standards of care and accuracy and present the information contained therein adequately and fairly. Profit forecasts require special care. Each director must provide a "responsibility statement" in each document or advertisement addressed to shareholders and in each announcement issued in connection with an offer. The Council's consent is required if any director wishes to be excluded from such a statement. **Prevention of a False Market** All parties to a take-over should make full and prompt disclosure of all relevant information and use every endeavour to prevent the creation of a false market in the shares of an offeror or offeree company. They must take care not to make statements which may mislead shareholders or the market.	**Rule 9**	**Information** Shareholders must be given sufficient information and advice to enable them to reach a properly informed decision as to the merits or demerits of an offer. Such information must be available to shareholders early enough to enable them to make a decision in good time. Each document published in connection with an offer must satisfy the highest standards of accuracy and information must be adequately and fairly presented. Any material changes in any information previously published by or on behalf of the offeror or the offeree company during the offer period must be notified to the offeree company's shareholders as soon as possible. **Standard of Care in Documents** Each director must provide a "responsibility statement" in each document or advertisement addressed to shareholders and in each announcement issued in connection with an offer. The Executive's consent is required if any director wishes to be excluded from such a statement.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	Information Shareholders must be given all the facts necessary to make an informed judgment on the merits or demerits of an offer. Such facts require accurate and fair presentation and must be given to the shareholders early enough to enable them to make a decision in good time. The relevant company must promptly announce (a) any material changes to information previously published in connection with the offer; and (b) any material new information which would have been required to be disclosed in any previous document or announcement published during an offer period, had it been known at the time. Parties to an offer or potential offer and their advisers must take care not to issue statements which, while not factually inaccurate, may mislead shareholders and the market or may create uncertainty. In particular, an offeror must not make a statement to the effect that it may improve its offer without committing itself to doingso and specifying the improvement.		

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 9 and Rule 9	**Equality of Information** Information about companies involved in an offer must be made equally available to all shareholders as nearly as possible at the same time and in the same manner. Any information, including particulars of shareholders, given to one offeror or potential offeror must, on request, be furnished equally and promptly to any other *bona fide* offeror or potential offeror, who should specify the questions to which it requires answers.	**Rules 6 and 8**	**Equality of Information** Information about companies involved in an offer must be made equally available to all shareholders as nearly as possible at the same time and in the same manner. Any information, including particulars of shareholders, given to one offeror or potential offeror must, on request, be furnished equally and promptly to any other *bona fide* offeror or potential offeror, who should specify the questions to which it requires answers.
General Principles 3 and 4 and Rule 10	**Equality of Treatment** All shareholders of the same class must be treated equally by the offeror. **Oppression of Minority** Rights of control must be exercised in good faith and oppression of the minority is wholly unacceptable. **No Special Deals** Except with the Council's consent, the offeror or persons acting in concert with it may not make any arrangements with selected shareholders and may not deal or enter into arrangements to deal or make purchases or sales of shares of the offeree company, or enter into arrangements concerning acceptance of an offer, either during an offer or when one is reasonably in contemplation, if there are favourable conditions attached which are not being extended to all shareholders.	**Rule 25**	**No Special Deals** Except with the Executive's consent, neither the offeror nor persons acting in concert with it may make any arrangements with selected shareholders or enter into arrangements to purchase or sell securities of the offeree company, or enter into arrangements concerning acceptance of an offer, either during an offer or when one is reasonably in contemplation or for six months after the close of such offer, if there are favourable conditions attached which are not being extended to all shareholders.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 11	**Restrictions on Dealings before and During the Offer** There should be no dealing in the securities of the offeree company by any person who has confidential price-sensitive information concerning an actual or contemplated offer before the announcement of such an offer is made. This restriction does not apply to the offeror or to persons acting in concert with an offeror in respect of such dealings where the securities the subject of such dealings are excluded from the offer or where there are no-profit arrangements in place. The offeror and its concert parties cannot sell any securities of the offeree company before the offer has become or been declared unconditional as to acceptances unless 24 hours' advance notice by public announcement of the intention to sell has been given, it has the prior consent of the Council, and the sale is not at below the offer price. Where the offer has become or been declared unconditional, the intention to sell offeree company securities must have been disclosed in the offer document and 24 hours' advance notice by public announcement must be given before the sale. Where the consideration for an offer includes securities of the offeror or any other body corporate, neither the offeror nor its concert parties may deal in any such securities (whether through share repurchases or otherwise) during the offer period.	**Rule 21**	**Restrictions on Dealings before and During the Offer** There should be no dealing in the securities of the offeree company by any person who has confidential price-sensitive information concerning an actual or contemplated offer (or revised offer) before the announcement of such an offer (or revised offer) is made. This restriction does not apply to the offeror or to persons acting in concert with an offeror in respect of such dealings where the securities the subject of such dealings are excluded from the offer or where there are no-profit arrangements in place. The offeror cannot sell any securities of the offeree company during the offer period unless 24 hours' advance notice by public announcement of the intention to sell has been given, it has the prior consent of the Executive, and the sale price is not below the offer price. Where the consideration for an offer includes securities of the offeror or any other body corporate, neither the offeror nor its concert parties may deal in any such securities (whether through share buy-backs or otherwise) during the offer period.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 12	**Disclosure of Dealings During the Offer**	**Rule 22**	**Disclosure of Dealings During the Offer**
	All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for their own accounts or for the accounts of discretionary investment clients during the offer period must be publicly disclosed by 12:00 noon on the next trading day. Disclosure must include, *inter alia*, the number of securities and the trading price, and the resultant total number of securities owned or controlled.		All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for their own accounts or for the accounts of discretionary investment clients during the offer period must be publicly disclosed by 12:00 noon on the next business day. Disclosure must include, *inter alia*, the number of securities and the trading price, and the resultant total number of securities owned or controlled.
	All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for the account of non-discretionary investment clients must be privately disclosed to the Council.		All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for the account of non-discretionary investment clients must be privately disclosed to the Executive.
Rule 13	**Break Fees**	**Rule 33**	**Inducement and Break Fees**
	The Council must be consulted where any break fee or similar arrangement is proposed, and such arrangement must be fully disclosed to the public. In all cases where a break fee is proposed, certain safeguards must be observed; in particular, a break fee must be minimal (normally no more than 1% of the value of the offeree company calculated by reference to the offer price).		The Executive must be consulted where any inducement fee or break fee is proposed, and such arrangement must be fully disclosed to the public. In all cases where an inducement fee or break fee is proposed, certain safeguards must be observed; in particular, an inducement fee or a break fee must be *de minimis* (normally no more than 1% of the offer value) and the offeree company board and its financial adviser must confirm to the Executive in writing that each of them believes that the fee is in the best interests of shareholders.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 5, Rule 14	**Acquisition or Consolidation of Effective Control** Where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all shareholders is normally required. **Mandatory Offer** Except with the Council's consent, where: (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by his concert parties) carry 30% or more of the voting rights of a company; or (b) any person who, together with his concert parties, holds not less than 30% but not more than 50% of the voting rights and such person, or his concert parties, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person or its concert parties holds shares.	**Rule 26**	**Acquisition or Consolidation of Control** **Mandatory Offer** Subject to the granting of a waiver by the Executive, when: (a) any person acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company; (b) two or more persons are acting in concert, and they collectively hold less than 30% of the voting rights of a company, and any one or more of them acquires voting rights and such acquisition has the effect of increasing their collective holding of voting rights to 30% or more of the voting rights of the company; (c) any person holds not less than 30%, but not more than 50%, of the voting rights of a company and that person acquires additional voting rights and such acquisition has the effect of increasing that person's holding of voting rights of the company by more than 2% from the lowest percentage holding of that person in the 12-month period ending on and inclusive of the date of the relevant acquisition; or

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	Except with the Council's consent, such offers made must be conditional upon (and only upon) the offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and its concert parties holding more than 50% of the voting rights. **Minimum Offer Price in a Mandatory Offer** The minimum offer price shall be not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 6 months prior to its commencement.		(d) two or more persons are acting in concert, and they collectively hold not less than 30%, but not more than 50%, of the voting rights of a company, and any one or more of them acquires additional voting rights and such acquisition has the effect of increasing their collective holding of voting rights of the company by more than 2% from the lowest collective percentage holding of such persons in the 12-month period ending on and inclusive of the date of the relevant acquisition, that person shall extend offers, on the basis set out above to the holders of each class of equity share capital of the company, whether the class carries voting rights or not, and also to the holders of any class of voting non-equity share capital in which such person, or persons acting in concert with him, hold shares. Except with the consent of the Executive, a mandatory offer must be conditional only upon the offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and any person acting in concert with it holding more than 50% of the voting rights.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
			Minimum Offer Price in a Mandatory Offer The minimum offer price shall be not less than the highest price paid by the offeror or any person acting in concert with it for shares of the offeree company during the offer period and within 6 months prior to its commencement.
Rule 15	**Voluntary Offer** A voluntary offer is an offer made for the voting shares of a company when the person has not incurred an obligation to make a mandatory offer. A voluntary offer must be conditional upon the offeror receiving acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and its concert parties holding more than 50% of the voting rights. **Minimum Offer Price in a Voluntary Offer** The offer must be in cash or securities or a combination thereof at not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 3 months prior to its commencement.	**Rules 24 and 30**	**Voluntary Offer** A voluntary offer is an offer made for the voting shares of a company when the person has not incurred an obligation to make a mandatory offer. A voluntary offer must be conditional upon the offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the offer, will result in the offer and persons acting in concert with it holding more than 50% of the voting rights of the offeree company. **Minimum Offer Price in Voluntary Offer** The offer must be in cash or securities or a combination thereof at not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 3 months prior to its commencement.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 16	**Partial Offer** The Council's consent is required for any partial offer and certain safeguards must be observed. Generally: (a) the Council will not give its consent if the partial offer would result in the offeror and its concert parties holding between 30% and 50% of the voting rights of the offeree company; and (b) the Council may grant consent to a partial offer that would result in the offeror and its concert parties holding less than 30% or more than 50% of the voting rights of the offeree company, if certain conditions set out in the Singapore Takeover Code are fulfilled.	**Rule 28**	**Partial Offer** The Executive's consent is required for any partial offer. Consent will normally be granted in the case of an offer (a) which could not result in the offeror and persons acting in concert with it holding 30% or more of the voting rights of a company; or (b) where the offeror and persons acting in concert with it hold more than 50% of the voting rights of a company and the offer is for up to such number of shares as would take the holding of voting rights to not more than 75% of the voting rights of the company, or such higher percentage as the Listing Rules may permit.
Rule 19	**Appropriate Offers to Holders of Convertibles, etc.** Where an offer is made for equity share capital and the offeree company has instruments convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights outstanding, the offeror must make an appropriate offer or proposal to the holders of such securities. Equality of treatment is required. The "see-through" price is normally used to determine the appropriate offer price.	**Rule 13**	**Appropriate Offers to Holders of Convertibles, etc.** Where an offer is made for equity share capital and the offeree company has instruments convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights outstanding, the offeror must make an appropriate offer or proposal to the holders of such securities. Equality of treatment is required. The "see-through" price is normally used to determine the appropriate offer price.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 21	**Purchases at Above Offer Price** If an offeror or any person acting in concert with it buys securities in the offeree company at above the offer price (being the then current value of the offer during the offer period), it must increase its offer to not less than the highest price paid for any securities so acquired. Within 30 minutes after the purchase of securities at above the offer price, it must be announced that a revised offer will be made in accordance with this Rule.	**Rule 24**	**Purchases at Above Offer Price** If an offeror or any person acting in concert with it buys securities in the offeree company at above the offer price (being the then current value of the offer during the offer period), it must increase its offer to not less than the highest price paid for any securities so acquired. Immediately after the purchase of securities at above the offer price, it must be announced that a revised offer will be made in accordance with the Hong Kong Takeovers Code.
Rule 22	**Offer Timetable** (a) The offer document should normally be posted not earlier than 14 days but not later than 21 days from the date of the offer announcement. (b) The board of the offeree company should advise its shareholders of its views of the offer within 14 days of the posting of the offer document. (c) An offer must initially be open for at least 28 days after the date on which the offer document is posted.	**Rules 8 and 15**	**Offer Timetable** (a) The offer document should normally be posted within 21 days (or, in the case of a securities exchange offer, 35 days) of the date of the offer announcement. (b) The offeree company should send to its shareholders within 14 days of the posting of the offer document the offeree board circular. (c) Where an offer document and the offeree board circular are posted on the same day or are combined in a composite document, the offer must initially be open for acceptance for at least 21 days following the date on which the offer document is posted. Where the offeree board circular is posted after the date on which the offer document is posted, the offer must be open for acceptance for at least 28 days following the date on which the offer document is posted.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	(d) After an offer has become or is declared unconditional as to acceptances, the offer must remain open for acceptance for not less than 14 days after the date on which the offer would otherwise have been closed, except where before the offer becomes or is declared unconditional as to acceptances, the offeror has given notice in writing to shareholders of the offeree company at least 14 days before the specified closing date that the offer will not be open for acceptance beyond such date.		(d) Where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. When an offer becomes or is declared unconditional in all respects, at least 14 days' notice in writing must be given before the offer is closed to those shareholders who have not accepted the offer.
	(e) No offer (whether revised or not) will be capable of becoming or being declared unconditional as to acceptances after 5:30 p.m. on the 60th day after the date the offer document is initially posted nor of being kept open after the expiry of such period unless it has previously become or been declared unconditional as to acceptances. An offer may be extended beyond such 60-day period with the Council's consent.		(e) Except with the consent of the Executive, an offer (whether revised or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day the initial offer document was posted.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 23	**Offer Documents**	**Schedule 1**	**Offer Documents**
	The offer document should, *inter alia*, disclose the intent of the offeror in relation to the offeree company and its employees, the offeror's interests and dealings in the offeree company's securities, financial information of the offeror, the conditions of the offer, the existence of any special arrangements or directors' service contracts, historical market price of the offeree company's securities, and an unconditional confirmation by an appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the offer.		The offer document should, *inter alia*, disclose the intent of the offeror in relation to the offeree company and its employees, the offeror's interests and dealings in the offeree company's securities, financial information of the offeror, the conditions of the offer, the existence of any special arrangements or directors' service contracts, historical market price of the offeree company's securities, and an unconditional confirmation by an appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the offer.
Rule 24	**Offeree Board Circulars**	**Schedule 2**	**Offeree company Board Circulars**
	The offeree board circular should, *inter alia*, indicate whether or not the board of directors of the offeree company recommends to shareholders the acceptance or rejection of the offer made, disclose the independent advice obtained in relation to the offer, views of the board on the offeror's plans for the company and its employees (if relevant), offeree company and its directors' interests and dealings in the offeree company's securities and offeror securities, financial information and share capital of the offeree company, summaries of material contracts with interested persons entered into in the previous three years by the offeree company or its subsidiaries not in the ordinary course of business, and arrangements affecting the offeree company's directors including any compensation for loss of office or arrangements conditional upon the outcome of the offer.		The offeree company board circular should, *inter alia*, indicate whether or not the board of directors of the offeree company recommends to shareholders the acceptance or rejection of the offer made, disclose the independent advice obtained in relation to the offer, views of the board on the offeror's plans for the offeree company and its employees (if relevant), offeree company and its directors' interests and dealings in the offeree company's securities and offeror securities, financial information and share capital of the offeree company, summaries of material contracts entered into in the previous two years by the offeree company or its subsidiaries not in the ordinary course of business, and arrangements affecting the offeree company's directors including any compensation for loss of office or arrangements conditional upon the outcome of the offer.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 30	**Settlement of Consideration**	**Rule 20**	**Settlement of Consideration**
	Where an offer (other than a partial offer) has become or been declared unconditional in all respects, the shares must be paid for by the offeror as soon as practicable, but in any event within seven business days after (i) the offer becomes or is declared unconditional in all respects, or (ii) receipt of valid acceptances where such acceptances were tendered after the offer has become or been declared unconditional in all respects.		Where an offer (other than a partial offer) has become or been declared unconditional in all respects, the shares must be paid for by the offeror as soon as possible, but in any event within seven business days following the later of (i) the date on which the offer becomes or is declared unconditional in all respects, and (ii) the date of receipt of a duly completed acceptance.

Important Notice to Shareholders and Potential Investors

Shareholders and potential investors in the Company should be aware that any person contemplating an offer for the shares of the Company will need to comply with the requirements relating to offers under both the Singapore Takeover Code and the Hong Kong Takeovers Code. As noted above, there are certain differences between the provisions of both codes and the Company, shareholders and potential investors in the Company would need to comply with the stricter of the requirements under both codes, unless a waiver is granted by the Securities Industry Council of Singapore and/or the Executive (as the case may be).

In this regard, any potential offeror must not acquire any shares or voting rights in the Company which would give rise to a requirement to make a mandatory general offer under the Singapore Takeover Code and/or the Hong Kong Takeovers Code unless it is satisfied that the making or implementation of such an offer would comply with the provisions of both the Singapore Takeover Code and the Hong Kong Takeovers Code. Failure to do so would result in a breach of the Singapore Takeover Code and/or the Hong Kong Takeovers Code unless dispensation(s) under the Singapore Takeover Code and/or the Hong Kong Takeovers Code is granted by the Securities Industry Council of Singapore or the Executive (as the case may be), which will be granted only in exceptional circumstances. There is no assurance that the Securities Industry Council of Singapore and/or the Executive will grant such dispensation(s). In case of any doubt, the Securities Industry Council of Singapore and the Executive should be consulted at the earliest opportunity and in any event before a mandatory general offer is triggered for the Company.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated in Singapore under the Singapore Companies Act as a private company limited by shares named AustAsia Investment Holdings Pte. Ltd. on 17 April 2009. The Company was renamed as AustAsia Group Pte. Ltd. on 22 September 2022. The Company was converted into a public company limited by shares and changed its name from AustAsia Group Pte. Ltd. to AustAsia Group Ltd. on 14 November 2022.

The Company has established a place of business in Hong Kong at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on 13 April 2022, with HO Wing Nga of 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai appointed as the Hong Kong authorised representative of the Company on 24 March 2022 for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in Singapore, its operations are subject to relevant laws and regulations of Singapore and the Constitution of the Company. A summary of the Constitution of the Company and the relevant aspects of Singapore laws is set out in "*Appendix IV – Summary of the Constitution of the Company, the Laws of Singapore and Takeover Code Matters*".

2. Changes in the Share Capital of the Company

The following alterations in the share capital of the Company have taken place within the two years immediately preceding the issue of this prospectus:

(a) On 27 April 2020, 18,878,573 Shares were allotted to Japfa as consideration for the acquisition of Dongying AustAsia Beef as described in "*History and Corporate Structure – Acquisitions and Disposals*".

(b) On 27 April 2020, a capital reduction of the Company was conducted to reduce the share capital of the Company from US$443,767,484.34 comprising 336,111,964 Shares to US$267,712,165.90 comprising 336,111,964 Shares.

(c) On 2 December 2020, 3 Shares were allotted to Japfa and 1 Share was allotted to Meiji Co., Ltd..

(d) On 5 December 2022, pursuant to the Share Split, each Share in the capital of the Company was sub-divided into 1.85 Shares. Upon completion of the Share Split, the total number of issued Shares of the Company increased from 336,111,968 Shares to 621,807,139 Shares.

Save as disclosed above and in "– *Resolutions of the Shareholders Passed at a General Meeting on 5 December 2022*" below, there has been no alteration in the share capital of the Company within the two years immediately preceding the date of this prospectus.

3. Written Resolutions of the Shareholders Passed on 11 November 2022

On 11 November 2022, resolutions of the Company were passed by the requisite majority of the then Shareholders pursuant to which, among other things:

(a) the conversion of the Company into a public company limited by shares and in connection therewith, the change of name of the Company to "AustAsia Group Ltd." was approved; and

(b) conditional upon the conversion of the Company into a public company limited by shares, the Constitution was adopted in substitution for and to the exclusion of the then existing constitution of the Company.

4. Resolutions of the Shareholders Passed at a General Meeting on 5 December 2022

On 5 December 2022, resolutions of the Company were passed by the requisite majority of the then Shareholders pursuant to which, among other things:

(a) in connection with Global Offering and the Listing, the Share Split was approved;

(b) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in the section headed "*Structure of the Global Offering – Conditions of the Global Offering*":

  (i) the Global Offering was approved and the Directors or a committee of Directors were authorised to allot and issue the Offer Shares; and

  (ii) the Listing was approved and the Directors or a committee of Directors were authorised to implement the Listing;

(c) in connection with the Capitalisation Issue and pursuant to Section 161 of the Singapore Companies Act, the Directors were authorised to allot and issue new Shares of the Company under and in connection with the Capitalisation Issue;

(d) conditional upon (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares that may be allotted and issued by the Company to satisfy the awards of Shares which may be granted pursuant to the SARs and (B) the commencement of dealings in the Shares on the Main Board of the Stock Exchange, (1) all outstanding SARs (whether or not vested) be compulsorily redeemed by the Company and settled by the issue of Shares to the participants holding SARs, (2) the Directors were authorised to allot, issue and deal with Shares underlying the SARs and (3) the Directors or a committee of Directors were authorised to determine the number of Shares to be issued to the participants holding SARs by reference to the final Offer Price and the share price set by the Company for the relevant vesting year of the SARs;

(e) conditional upon (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares that may be allotted and issued by the Company to satisfy the awards of Shares which were granted and which may be granted pursuant to the AAG PSP and (B) the commencement of dealings in the Shares on the Main Board of the Stock Exchange, the Directors or the Committee (as defined in this prospectus) were authorised to allot, issue and deal with Shares underlying the awards of Shares (including the single initial grant awards) which were granted pursuant to the AAG PSP (as adopted by the Company on 3 July 2020) and to determine the number of Shares to be issued pursuant to the awards of Shares (including the single initial grant awards) which were granted pursuant to the AAG PSP, the amended terms of the AAG PSP was approved and the Committee (as defined in this prospectus) was authorised to grant awards of Shares pursuant to the AAG PSP and to allot and issue Shares, direct and procure any professional trustee as may be appointed by the Company to assist with the administration and vesting of awards, transfer Shares and otherwise deal with Shares underlying the awards granted and to be granted pursuant to the AAG PSP as and when they vest (notwithstanding the authority conferred by the resolution may have ceased to be in force at the time the underlying Shares are allotted and issued);

(f) conditional upon (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares that may be allotted and issued by the Company to satisfy the awards which may be granted pursuant to the RSU Scheme and (B) the commencement of dealings in the Shares on the Main Board of the Stock Exchange, the adoption of the RSU Scheme was approved and the Board or the Remuneration Committee were authorised to grant awards of RSUs pursuant to the RSU Scheme and to allot and issue Shares, direct and procure any professional trustee as may be appointed by the Company to assist with the administration and vesting of RSUs, transfer Shares and otherwise deal with Shares underlying the RSUs granted pursuant to the RSU Scheme as and when they vest (notwithstanding the authority conferred by the resolution may have ceased to be in force at the time the underlying Shares are allotted and issued); and

(g) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in the section headed "*Structure of the Global Offering – Conditions of the Global Offering*":

(i) pursuant to Section 161 of the Singapore Companies Act and subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, whether during or after the end of the Applicable Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed the aggregate of:

(A) 20% of the total number of Shares in issue immediately following the completion of the Share Split, the Capitalisation Issue, the Japfa Distribution, the Share Award Issuance and the Global Offering; and

(B) the aggregate number of Shares repurchased by the Company (if any) under the Share Repurchase Mandate referred to in paragraph (ii) below,

((A) and (B) collectively, the "**Share Issue Mandate Limit**"), such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company, (II) the end of the period within which the Company is required by the Constitution of the Company or any applicable laws to hold its next annual general meeting and (III) the date on which the mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting (the "**Applicable Period**"), and the Directors be and are hereby authorised to exercise the powers of the Company referred to above, in respect of the Shares referred to in paragraph (B) above (the "**Share Issue Mandate**");

(ii) subject to and contingent upon the passing of the ordinary resolution in respect of the Share Split, a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in each class in issue as at the date of the passing of this resolution, and at such price or prices as may be determined by the Directors, provided the purchase price shall not be 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange, and otherwise in accordance with Section 76E of the Singapore Companies Act and all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the Applicable Period (the "**Share Repurchase Mandate**"); and

(iii) the general Share Issue Mandate Limit mentioned above be extended by the addition to the aggregate number of the Shares which may be allotted and issued, or agreed conditionally or unconditionally to be allotted and issued, by the Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares repurchased by the Company pursuant to the Share Repurchase Mandate to referred to above.

5. Subsidiaries

Details of the subsidiaries of the Company are set out in *"Appendix I – Accountants' Report"*.

The following subsidiary of the Company was incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation	Registered Share Capital
ShanDong AustAsia Feed	PRC	2 June 2021	US$12,000,000

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the issue of this prospectus:

(a) On 28 May 2021, the registered capital of Pure Source Dairy was increased from US$100,000,000 to US$139,149,363. On 9 June 2022, the registered capital of Pure Source Dairy was increased from US$139,149,363 to US$187,000,000.

Save as set out above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this prospectus.

6. Repurchases by the Company of its Own Securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchase of shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases of shares by a listed company must be funded out of funds legally available for the purpose in accordance with the constitutive documents of the listed company, the Listing Rules and the applicable laws and regulations of the listed company's jurisdiction of incorporation. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its shares if that repurchase would result in the number of listed shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those shares must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of shares on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchase of shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate price paid for such repurchases.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and 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 pertaining. Repurchases of the Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Constitution, the Listing Rules and the applicable laws and regulations of Singapore.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) if the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 699,857,112 Shares in issue immediately following the completion of the Japfa Distribution, the Capitalisation Issue, the Share Award Issuance and the Global Offering, could accordingly result in up to approximately 69,985,711 Shares being repurchased by the Company during the period prior to:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the end of the period within which the Company is required by the Constitution or any applicable law to hold its next annual general meeting; or

(iii) the date on which the repurchase mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make any repurchases of Shares pursuant to the repurchase mandate in accordance with the Listing Rules and the applicable laws and regulations in Singapore.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Takeovers Code and/or the Singapore Takeover Code. Accordingly, under the Hong Kong Takeovers Code, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Hong Kong Takeovers Code. In addition, under the Singapore Takeover Code, if such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could, unless exempted by the Securities Industry Council of Singapore, become obliged to make a mandatory takeover for the Company under Rule 14 of the Singapore Takeover Code. Save for the foregoing, the Directors are not aware of any consequences which would arise under the Hong Kong Takeovers Code and/or the Singapore Takeover Code as a consequence of any repurchases of Shares pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the Hong Kong Underwriting Agreement dated 15 December 2022 and entered into among the Company, the Overall Coordinators, the Joint Sponsors, the Joint Bookrunners, Joint Lead Managers and Hong Kong Underwriters on the terms as more particularly set out in "*Underwriting – Underwriting Arrangements and Expenses*";

(b) the cornerstone agreement dated 14 December 2022 and entered into among the Company, Well Alliance Investment Holdings Limited 全誠投資控股有限公司, China Modern Dairy Holdings Ltd. 中國現代牧業控股有限公司, China International Capital Corporation Hong Kong Securities Limited and DBS Asia Capital Limited, pursuant to which Well Alliance Investment Holdings Limited 全誠投資控股有限公司 agreed to acquire such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US dollar 10,000,000 (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy); and

(c) the cornerstone agreement dated 14 December 2022 and entered into among the Company, Proterra Asia Food Fund 3 VCC (on behalf of and for the account of its sub-fund Proterra Asia Food Fund 3 LP SF), China International Capital Corporation Hong Kong Securities Limited and DBS Asia Capital Limited, pursuant to which Proterra Asia Food Fund 3 VCC (on behalf of and for the account of its sub-fund Proterra Asia Food Fund 3 LP SF) agreed to acquire such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US dollar 10,000,000 (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy).

2. Intellectual Property

As of the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

(a) Trademarks

(i) As of the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	AUSTASIA	29	Company	PRC	15297543	20 October 2025
2.	澳亚	29	Company	PRC	12990677	27 January 2026
3.	AUSTASIA	29	Company	PRC	7174730	13 November 2030

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
4.	澳亚	29	Company	PRC	12990676	27 January 2026
5.	澳亚牧场	29	Company	PRC	21947887	6 January 2028
6.	澳亚牧场	29	Company	PRC	18681753	27 January 2027
7.	AUSTASIA FARM	29	Company	PRC	19361851	27 April 2027
8.	AUSTASIA	35	Company	PRC	17864765	20 December 2026
9.	AustAsia	29	Company	PRC	53905819	13 September 2031
10.	澳亚饲料	5	Company	PRC	55414136	20 January 2032
11.	AUSTASIA	31	Company	PRC	55421930	6 November 2031
12.	澳亚	44	Company	PRC	47734833	6 May 2032
13.	AUSTASIA	31	Company	PRC	47761270	6 May 2032
14.	澳亚饲料	40	Company	PRC	58857854	6 November 2032
15.	澳亚饲料	40	Company	PRC	55426503	13 November 2032
16.	澳亚饲料	31	Company	PRC	55436049	13 November 2032
17.	澳亚饲料	31	Company	PRC	58867312	13 November 2032

(b) Domain Names

As of the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1.	www.austasiadairy.com	Shanghai AustAsia	30 December 2023
2.	www.dyaoya.com	Dongying AustAsia	25 April 2027

C. SHARE PLANS

1. Share Appreciation Rights

In January 2010, the Company adopted an employee share option scheme (the "**ESOS**") which was valid for a term of 10 years and expired in December 2020. Under the ESOS, the options granted vest over a four year period from the date of grant and may be exercised by participants only if the Company achieved a listing on an internationally recognised stock exchange.

In July 2020, the Board and the participants in the ESOS at that time agreed to convert the then outstanding options to share appreciation rights ("**SARs**") whereby upon the vesting of the relevant portion of the SARs, the participants could elect to receive cash for the vested SARs, provided that upon the Listing, all outstanding SARs (whether or not vested) will be compulsorily redeemed by the Company and settled by the issue of Shares to the participants. The number of Shares to be issued to the participants upon the Listing will be calculated by reference to the final Offer Price and the share price set by the Company for the relevant vesting year of the SARs.

As of the Latest Practicable Date, there were 43 participants (including two Executive Directors of the Company) holding SARs which upon the Listing will be redeemed by the Company and will be settled by the issue by the Company on the Listing Date of an aggregate of 180,800 Shares (after taking into account the Share Split and assuming an Offer Price of HK$6.40, being the mid-point of the Offer Price Range), representing approximately 0.03% of the issued Shares immediately following the completion of the Japfa Distribution and the Global Offering and assuming the Over-allotment Option is not exercised. Of such Shares to be issued, 9,200 Shares will be issued to Mr. Edgar Dowse COLLINS and 6,500 Shares will be issued to Mr. YANG Ku, both of whom are Executive Directors.

Upon the completion of the Global Offering, there will not be any options or SARs outstanding.

2. AAG Performance Share Plan

On 3 July 2020, the Company adopted the AAG Performance Share Plan (the "**AAG PSP**"), which was amended on 5 December 2022, with such amendments becoming effective on the Listing Date.

The following is a summary of the principal terms of the AAG PSP.

(a) Purpose of the AAG PSP

The purpose of the AAG PSP is to (i) foster an ownership culture within the Group which aligns the interests of the executives and employees of the Group with the interests of Shareholders, (ii) motivate participants to achieve key financial and operational goals of the Company and/or its respective business units and (iii) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world-class company.

(b) Eligible Participants

Awards of Shares ("**Awards**") may be granted to any employee of the Group (including any executive director of companies in the Group) subject to such employees meeting the relevant criteria set out in the AAG PSP or determined by the Remuneration Committee of the Board (the "**Committee**").

The AAG PSP is subject to a maximum limit of 40 participants from time to time.

(c) Administration of the AAG PSP

The AAG PSP is administered by the Committee, which shall have authority, in its discretion to, among other things, in relation to an Award, where applicable, determine (i) the participant; (ii) the date on which the Award should be granted; (iii) the conditions to the Award (the "**Performance Conditions**"); (iv) the period during which the Performance Conditions is to be satisfied; (v) the number of Shares which are the subject of the Award; (vi) the schedule for release of Awards; (vii) the retention period; and (viii) any other condition which the Committee may determine in relation to that Award. The Company shall be entitled, in its sole discretion, prior to an Award being released, encash such Awards to the extent the Performance Conditions have been met or otherwise waived by the Committee. The Company shall in its sole discretion, determine the fair value of such Award if it intends to encash such Award.

The Company may appoint a professional trustee to assist with the administration and vesting of Awards granted pursuant to the AAG PSP. The Company may to the extent permitted by applicable laws and regulations and the Listing Rules direct and procure the trustee to make on-market or off-market purchases of Shares to satisfy the Awards upon vesting (provided that the trustee shall abstain from voting in respect of such Shares unless otherwise required by applicable laws to vote in accordance with the beneficial owner's direction and such a direction is given). The Company shall to the extent permitted by applicable laws and regulations provide sufficient funds to the trustee by whatever means as the Committee may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of the Awards.

(d) Vesting Period of the Awards

Awards which are satisfied with the issuance of new Shares may not vest less than 12 months from the date the Award is granted unless otherwise determined by the Committee in the case of grants of Awards in the following specific circumstances:

(a) to new joiners to replace the share awards they forfeited when leaving the previous employer;

(b) to participants whose employment is terminated due to death, ill health, serious injury, disability or retirement or upon the occurrence of any event which is not within the Company nor the participant's control, where the release of the Awards may accelerate based on the discretion of the Committee;

(c) which would have been made earlier but for administrative and compliance reasons and are made in a subsequent batch, in order to put the participants in the same position as they would have been in had the Award been made earlier; and

(d) where a corporate event takes place as set out in paragraph (i) below.

(e) Limitation on the Size of the AAG PSP

The plan mandate limit (the "**Plan Mandate Limit**") refers to total number of new Shares in respect of Awards which may be granted pursuant to the AAG PSP after the Listing Date, being (a) 5% of the Shares in issue on the Listing Date, or (b) 5% of the Shares in issue as at the New Approval Date (as defined below).

At any time during the term, the maximum aggregate number of new Shares which Awards may be granted pursuant to the AAG PSP after the Listing Date shall be calculated in accordance with the following formula:

$$\mathbf{X = A - B}$$

where:

X = the maximum aggregate number of new Shares in respect of which Awards may be granted pursuant to the AAG PSP after the Listing Date;

A = the Plan Mandate Limit; and

B = the maximum aggregate number of new Shares that have been or may be issued upon the vesting of Awards granted pursuant to the AAG PSP after the Listing Date, which in the event that there has been a New Approval Date, shall only include those new Shares which may be issued upon the vesting of Awards that have been granted since that most recent New Approval Date.

Shares in respect of (i) Awards which have lapsed in accordance with the terms of the AAG PSP or which have been encashed and (ii) share grants which have lapsed in accordance with the terms of the relevant share plan or which have been encashed will not be counted for the purpose of determining the maximum aggregate number of new Shares in respect of Awards which may be granted pursuant to the AAG PSP after the Listing Date.

The Plan Mandate Limit may be renewed (a) every 3 years subject to Shareholders' approval; or (b) within a 3-year period subject to Shareholders' approval and with the relevant persons specified in the Listing Rules abstaining from voting on the relevant resolution and in each case, in accordance with the requirements of the Listing Rules. In any event, the total number of new Shares in respect of which Awards may be granted under the AAG PSP following the date of approval of the renewed limit (the "**New Approval Date**") under the limit as renewed must not exceed 5% of the Shares in issue as at the New Approval Date. Shares in respect of Awards granted pursuant to the AAG PSP or share grants made pursuant to any other share plan (including those which are outstanding, lapsed, vested, exercised or encashed) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of new Shares in respect of which Awards may be granted following the New

Approval Date under the limit as renewed. For the avoidance of doubt, new Shares issued prior to the New Approval Date pursuant to the vesting of Awards granted under the AAG PSP and pursuant to the vesting or exercise of share grants under any other share plans will be counted for the purpose of determining the number of Shares in issue as at the New Approval Date.

(f) Large Share Grants and Grants to Connected Persons

In any 12-month period after the Listing Date, the maximum number of new Shares issued (and to be issued) upon:

(a) the vesting of all Awards granted under the AAG PSP; and

(b) the vesting of all share grants made under any other share plans,

(excluding any Awards or share grants lapsed or encashed in accordance with the terms of the AAG PSP or the relevant share plan) to any individual participants shall not exceed 1% of the Shares in issue for the time being. Where any further grant of Awards to a participant under the AAG PSP would result in the breach of this limit, such grant must be separately approved by Shareholders in general meeting in accordance with the Listing Rules.

Any Awards granted to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the Independent Non-Executive Directors.

After the Listing Date, where any grant of Awards to a Director or chief executive of the Company (or any of their respective associates) would result in the new Shares issued (and to be issued) upon the:

(a) vesting of all Awards granted under the AAG PSP; and

(b) vesting of all share grants (but excluding any share options) made under any other share plans,

(excluding any Awards and share grants (other than share options) lapsed or encashed in accordance with the terms of the AAG PSP or the relevant share plan) to such person in the 12-month period up to and including the date on which the Award is granted representing in aggregate over 0.1% of the Shares in issue, such further grant of Award under the AAG PSP shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

After the Listing Date, where any grant of Awards to a substantial shareholder of the Company (or any of his respective associates) would result in the new Shares issued (and to be issued) upon the:

(a) vesting of all Awards granted under the AAG PSP; and

(b) vesting or exercise of all share grants made under any other share plans, (excluding any Award and share grants lapsed or encashed in accordance with the terms of the AAG PSP or the relevant share plan) to such person in the 12-month period up to and including the date on which the Award is granted representing in aggregate over 0.1% of the Shares in issue, such further grant of Awards under the AAG PSP shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

(g) Term of the AAG PSP

The AAG PSP shall continue in effect for a term of five years from 3 July 2020, provided always that the AAG PSP may continue beyond the above stipulated period with the approval of the Shareholders.

(h) Right as Shareholders

Until the participant is registered on the register of members of the Company, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares subject to an Award. Shares when issued or transferred pursuant to an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant issue or transfer date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

(i) Adjustments Upon Changes in Capitalisation, Merger or Certain Other Transactions

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company) shall take place, then:

(i) the class and/or number of Shares which are the subject of an Award have not yet been vested;

(ii) the class and/or number of Shares in respect of which future Awards may be granted under the AAG PSP; and/or

(iii) the maximum aggregate number of new Shares which may be issued in respect of Awards granted under the AAG PSP pursuant to the plan mandate limit,

shall be adjusted in such manner as the Committee may determine to be appropriate to give the participant the same proportion of the share capital of the Company as that to which such participant were previously entitled (rounded to the nearest whole Share), provided that no adjustment shall be made if as a result, the participant receives a benefit that a Shareholder does not receive. The Committee may, notwithstanding any occurrence of any variation in capital, determine that no adjustment shall be made.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

(j) Corporate Events

If before a vesting date, any of the following occurs:

(i) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders and/or sanctioned by the court under the Singapore Companies Act;

(ii) an order being made or a resolution being passed for the winding-up of the Company (other than a winding-up of the Company on the basis or by reason of its insolvency or for amalgamation or reconstruction); or

(iii) in the event a take-over offer for the Shares becomes or is declared unconditional,

the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including, but not limited to, the contributions made by that participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the Performance Conditions have been satisfied.

(k) Modification to the AAG PSP

Save as provided below, the Board may alter any of the terms of the AAG PSP at any time, including but not limited to the method by which a participant accepts the Award and such other minor amendments to benefit the administration of the AAG PSP, provided that such alterations comply with the requirements of the Singapore Companies Act and the Listing Rules, to the extent applicable.

Any alterations to the terms and conditions of the AAG PSP which are of a material nature or any alterations to the specific provisions of the AAG PSP which relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of participants and changes to the authority of the Board in relation to any alteration of the terms of the AAG PSP, in each case, must be approved by Shareholders in general meeting.

Any changes to the terms of Awards granted must be approved by Board, the Committee, the Independent Non-Executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of such Award was approved by the Board, the Committee, the Independent Non-Executive Directors and/or Shareholders in general meeting (as the case may be), except where the alterations or changes take effect automatically under the existing terms of the AAG PSP. The Committee's determination as to whether any proposed alteration to the terms and conditions of the AAG PSP is material shall be conclusive.

The amended terms and conditions of the AAG PSP and the Awards shall comply with the Listing Rules and the amendments thereto which will come into effect 1 January 2023, including in particular Chapter 17 of the Listing Rules and all applicable laws, rules and regulations.

(l) Outstanding Awards Granted under the AAG PSP

Details of the Awards granted under the AAG PSP which are outstanding as of the Latest Practicable Date are set out below:

Participant	Date of Grant	Vesting Date	Number of Shares which are subject to the Award after taking into account the Share Split	% of issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Maximum number of Shares which are subject to the Award after taking into account the Share Split	% of issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)
Directors						
TAN Yong Nang	3 July 2020	Listing Date(1)	7,492,500	1.07%	7,492,500	1.07%
	1 June 2021	30 April 2023	314,500	0.04%	629,000(2)	0.09%
	23 March 2022	30 April 2024	283,235	0.04%	566,470(3)	0.08%
Edgar Dowse COLLINS	3 July 2020	Listing Date(1)	6,197,500	0.89%	6,197,500	0.89%
	1 June 2021	30 April 2023	314,500	0.04%	629,000(2)	0.09%
	23 March 2022	30 April 2024	314,500	0.04%	629,000(3)	0.09%
YANG Ku	3 July 2020	Listing Date(1)	2,497,500	0.36%	2,497,500	0.36%
	1 June 2021	30 April 2023	125,800	0.02%	251,600(2)	0.04%
	23 March 2022	30 April 2024	125,800	0.02%	251,600(3)	0.04%
GAO Lina	23 March 2022	30 April 2024	83,250	0.01%	166,500(3)	0.02%
Other Participants						
28 senior management and other employees of the Group	1 June 2021	30 April 2023	375,550	0.05%	751,100(2)	0.11%
36 senior management and other employees of the Group	23 March 2022	30 April 2024	455,100	0.07%	910,200(3)	0.13%
Total for all Participants			18,579,735	2.65%	20,971,970	3.00%

Notes:

(1) These are single initial grant awards made under the AAG PSP. These Awards are not subject to any performance conditions and will vest upon either of the following conditions occurring on or before 3 July 2030: (a) the IPO of the Company or (b) a change of control of the Company resulting from the sale of the Company to an unrelated party of a majority (i.e. more than 50%) of the shareholding in the Company. Upon the Listing, the Shares subject to the Award will be issued to the relevant participant on the Listing Date.

(2) The vesting of these Awards is subject to the achievement of certain key performance indicators during the period from 1 January 2021 to 31 December 2022 and the final number of Shares subject to the Award can vary from 0% to 200% of the initial number of Shares subject to the Award. The maximum potential number of Shares which are subject to the Award has been calculated assuming the achievement of the relevant key performance indicators and based on 200% of the initial number of Shares subject to the Award.

(3) The vesting of these Awards is subject to the achievement of certain key performance indicators during the period from 1 January 2022 to 31 December 2023 and the final number of Shares subject to the Award can vary from 0% to 200% of the initial number of Shares subject to the Award. The maximum potential number of Shares which are subject to the Award has been calculated assuming the achievement of the relevant key performance indicators and based on 200% of the initial number of Shares subject to the Award.

3. Restricted Share Unit Scheme

The following is a summary of the principal terms of the AAG post-IPO RSU Scheme (the "**RSU Scheme**") conditionally approved by the Shareholders and adopted by the Company on 5 December 2022 and which will become effective on the Listing Date.

(a) Purpose of the RSU Scheme

The purpose of the RSU Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

(b) Eligible Participants

The Executive Directors, the executive directors of the Company's subsidiaries, or the full-time employees of the Group who have been employed by the Group for more than 12 months (the "**Participants**").

(c) Conditions

The RSU scheme will take effect subject to (i) the passing of the resolution by the Shareholders to approve and adopt the RSU Scheme and to authorise the Board or the Remuneration Committee to grant RSUs pursuant to the RSU Scheme and to allot and issue or otherwise deal with Shares in connection with the RSU Scheme, (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the vesting of the RSUs and (iii) the commencement of dealing in the Shares on the Main Board of the Stock Exchange.

(d) Administration of the RSU Scheme

The RSU Scheme will be subject to the administration of the Remuneration Committee in accordance with the RSU Scheme. Any decision made by the Remuneration Committee as to all matters arising in relation to the RSU Scheme shall (including the interpretation of any rules therein) be final and binding on all parties.

The Company may appoint a professional trustee to assist with the administration and vesting of awards of RSUs (the "**Awards**") granted pursuant to the RSU Scheme. The Company may to the extent permitted by the Singapore Companies Act and the Listing Rules direct and procure the trustee to make on-market or off-market purchases of Shares to satisfy the Awards upon vesting, provided that the trustee shall abstain from voting in respect of such Shares unless otherwise required by applicable laws to vote in accordance with the beneficial owner's direction and such a direction is given. The Company shall to the extent permitted by the Singapore Companies Act provide sufficient funds to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of the Awards.

(e) Awards

The Remuneration Committee may grant an Award to a Participant, which gives that Participant a contingent right to receive Shares (or a cash payment), subject to the satisfaction of relevant vesting conditions as provided under the RSU Scheme and in the Notice of Grant (as defined below).

(f) Maximum Number of New Shares to be Granted

The scheme mandate limit (the "**Scheme Mandate Limit**") refers to the total number of new Shares in respect of which RSUs may be granted pursuant to the RSU Scheme, being (i) 10% of the Shares in issue on the Listing Date or (ii) 10% of the Shares in issue as at the New Approval Date (as defined below).

The total number of Shares in respect of which RSUs may be granted under the RSU Scheme shall be calculated in accordance with the following formula:

$$\mathbf{X = A - B - C}$$

where:

X = the maximum aggregate number of new Shares in respect to which RSUs may be granted pursuant to the RSU Scheme;

A = the Scheme Mandate Limit;

B = the maximum aggregate number of new Shares that have been or may be issued upon the vesting of RSUs granted pursuant to the RSU Scheme, which in the event there has been a New Approval Date, shall only include those new Shares which may be issued upon the vesting of RSUs that have been granted since the most recent New Approval Date; and

C = the maximum aggregate number of new Shares that have been or may be issued upon the vesting or exercise of any share grants made after the Listing pursuant to any other share schemes, which in the event that there has been a New Approval Date, shall only include those new Shares which may be issued upon the vesting or exercise of share grants that have been granted since that most recent New Approval Date.

Shares in respect of (i) RSUs which have lapsed in accordance with the terms of the RSU Scheme or which have been satisfied by the making of a cash payment and (ii) share grants which have lapsed in accordance with the terms of the relevant share scheme or which have been encashed will not be counted for the purpose of determining the maximum aggregate number of new Shares in respect of which RSUs may be granted pursuant to the RSU Scheme.

The Scheme Mandate Limit may be renewed (a) every 3 years subject to Shareholders' approval; or (b) within a 3-year period subject to Shareholders' approval and with the relevant persons specified in the Listing Rules abstaining from voting on the relevant resolution and in each case, in accordance with the requirements of the Listing Rules. In any event, the total number of new Shares in respect of which RSUs may be granted under the RSU Scheme following the date of approval of the renewed limit (the "**New Approval Date**") under the limit as renewed must not exceed 10% of the Shares in issue as at the New Approval Date. Shares in respect of RSUs or share grants made pursuant to the RSU Scheme or any other share scheme (including those which are outstanding, lapsed, vested, exercised or encashed) prior to the New Approval Date will not be counted for the purpose of determining the maximum aggregate number of new Shares in respect of which the RSUs may be granted following the New Approval Date under the limit as renewed. For the avoidance of doubt, new Shares issued prior to the New Approval Date pursuant to the vesting of RSUs granted under the RSU Scheme and pursuant to the vesting or exercise of share grants made under any other share schemes of the Company will be counted for the purpose of determining the number of Shares in issue as at the New Approval Date.

(g) Large Grants of RSUs and Grants of RSUs to Connected Persons

In any 12-month period, the maximum number of new Shares issued (and to be issued) upon:

(a) the vesting of all RSUs granted under the RSU Scheme; and

(b) the vesting or exercise of all share grants made under any other share schemes after the Listing, (excluding any RSUs or share grants lapsed or encashed in accordance with the terms of the RSU Scheme or the relevant share scheme) to any individual Participant shall not exceed 1% of the Shares in issue for the time being. Where any further grant of RSUs to a Participant under the RSU Scheme would result in the breach of this limit, such grant must be separately approved by Shareholders in general meeting in accordance with the Listing Rules.

Any grant of RSUs to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the Independent Non-Executive Directors.

Where any grant of RSUs to a Director or chief executive of the Company (or any of their respective associates) would result in the new Shares issued (and to be issued) upon the:

(a) vesting of all RSUs granted under the RSU Scheme; and

(b) vesting of all share grants (but excluding share options, if any) granted under any other share schemes after the Listing,

(excluding any RSUs and share grants (other than share options) lapsed or encashed in accordance with the terms of the RSU Scheme or the relevant share scheme) to such person in the 12-month period up to and including the offer date representing in aggregate over 0.1% of the Shares in issue, such further grant of RSUs under the RSU Scheme shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

Where any grant of RSUs to a substantial shareholder (or any of his respective associates) would result in the new Shares issued (and to be issued) upon the:

(a) vesting of all RSUs granted under the RSU Scheme; and

(b) vesting or exercise of all share grants made under any other share schemes after the Listing,

(excluding any RSUs and share grants lapsed or encashed in accordance with the terms of the RSU Scheme or the relevant share scheme) to such person in the 12-month period up to and including the offer date representing in aggregate over 0.1% of the Shares in issue, such further grant of RSUs under the RSU Scheme shall be subject to prior approval by the Shareholders in general meeting in accordance with the Listing Rules.

(h) Vesting of RSUs

Subject to and in accordance with the terms of the RSU Scheme and the specific terms applicable to each RSU, an RSU shall vest on the vesting date, which for RSUs to be satisfied with the issuance of new Shares, may not be shorter than 12 months unless otherwise determined by the Committee in respect of grantees who are employees, executive Directors or directors of the Company's subsidiaries in the case of grants of RSUs in the following specific circumstances:

(a) to new joiners to replace the share awards they forfeited when leaving the previous employer;

(b) to grantees whose employment is terminated due to death, ill health, serious injury, disability or retirement or upon the occurrence of any event which is not within the control of the Company, where the vesting of the RSUs may accelerate based on the discretion of the Committee;

(c) which would have been made earlier but for administrative and compliance reasons and are made in a subsequent batch, in order to put the grantees in the same position as they would have been in had the grant of RSUs been made earlier; and

(d) where a corporate event takes place as set out in paragraph (n) below (in which case RSUs may be accelerated for all grantees at the sole and absolute discretion of the Company (and not just in respect of grantees who are employees, executive Directors or directors of the Company's subsidiaries)).

(i) Term of the RSU Scheme

Subject to the conditions referred to above being satisfied, the RSU Scheme shall be valid and effective for the period commencing on the date on which all of the conditions referred to above are satisfied and expiring on the tenth anniversary thereof or such earlier date as the Scheme is terminated in accordance with the RSU Scheme (the "**Term**"), after which period no further RSUs shall be offered or granted but the provisions of the RSU Scheme shall remain in full force and effect in all other respects. Awards granted during the Term shall continue to be valid in accordance with their terms of grant after the end of the Term.

(j) Grant of Awards

A grant shall be made to a Participant by a notice (the "**Notice of Grant**") specifying the terms on which the Award is to be granted, including the date of grant, the number of RSUs underlying the Award, the vesting date, the relevant vesting and/or other performance conditions that must be satisfied in order for the Award to vest in whole or in part and any other terms which the Remuneration Committee has determined shall apply to the Award.

(k) Awards to be Personal to the Grantees

An Award shall be personal to the grantee. Before the Award is vested in a grantee pursuant to the RSU Scheme, the Award shall not be assignable or transferable by the grantee and the grantee shall not, without the prior written consent of the Remuneration Committee, in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the Award, provided that following the grantee's death, an Award may be transferred by will or by the laws of testacy and distribution.

Where permitted by applicable laws and regulations (including the Listing Rules) and subject to the approval of the Stock Exchange, Awards may be transferred to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee that would continue to meet the purpose of the RSU Scheme, provided the terms of the grant of such Award will continue to bind any such transferee with reference to the grantee, where relevant.

(l) Vesting of Awards

The vesting principles of the RSU Scheme are summarised below:

(i) An Award shall vest on the relevant vesting date specified in the Notice of Grant. If the vesting of an Award is subject to the satisfaction of performance or other conditions and such conditions are not satisfied in whole or in part, the Award shall lapse automatically in respect of such proportion of underlying RSUs as have not vested.

(ii) Awards which have vested shall be satisfied as soon as practicable on or after the vesting date and in any event by no later than 10 business days following the vesting date, at the Remuneration Committee's absolute discretion by allotting and issuing or transferring the relevant number of Shares to the grantee credited as fully paid or encashing the relevant Awards, the amount of which shall be determined by the Remuneration Committee at its sole and absolute discretion.

(iii) If there are administrative and compliance reasons which mean that Awards could not have been made earlier, the Remuneration Committee may decide in its absolute discretion to shorten the vesting period of the Awards so as to put the grantees in the same position as they would have been in had the grant been made earlier.

(iv) If the Company or any grantee would or might be prohibited by applicable laws, regulations or rules (including any dealing code of the Company) from dealing in the Shares on the vesting date, the date on which the relevant Shares shall be allotted and issued or transferred to the grantee shall occur as soon as possible after the date when such dealing is permitted.

(m) Rights Attaching to the Awards and the Shares

Shares to be allotted and issued or transferred, (as the case may be) pursuant to the RSU Scheme will rank *pari passu* in all respects with the Shares then in issue except for any rights attaching to Shares by reference to a record date before the date of issue. A grantee shall have no rights in respect of Shares subject to RSUs until the Shares are allotted and issued or transferred to him (as the case may be) under the terms of the RSU Scheme.

(n) Lapse and Cancellation of Awards

Subject to the RSU Scheme, an Award (or any part thereof) that has not vested shall lapse automatically on the earliest of:

(i) the date of termination of the grantee's employment, service or engagement by any member of the Group;

(ii) the date on which the grantee (1) becomes an officer, director, employee, consultant, adviser, partner of, or a shareholder or other proprietor owning more than 5% interest in any competitor of the Group without the prior written consent of the Board; or (2) knowingly performs any act that may confer any competitive benefit or advantage upon any competitor of the Group without the prior written consent of the Board;

(iii) the date of the commencement of the winding-up of the Company;

(iv) the time specified in paragraph (n) below;

(v) the date on which the grantee (whether intentionally or otherwise) commits a breach of paragraph (j) above;

(vi) the date on which the grantee is declared bankrupt or enters into any arrangement or compromise with his creditors generally; and

(vii) in respect of an Award which is subject to performance or other vesting condition(s), the date on which the condition(s) to vesting of the Award is not satisfied (save that the Award shall lapse only in respect of such proportion of underlying RSUs as have not vested because of the application of such performance or other vesting condition(s)).

The Remuneration Committee may at any time with the consent of and on such terms as may be agreed with the relevant grantee cancel Awards previously granted but not yet vested and may, at its discretion, make a grant of new RSUs to the same grantee.

(o) Corporate Events

In the event of:

(i) a general offer by way of a takeover or otherwise (other than by way of scheme of arrangement pursuant to sub-paragraph (ii) below) which is made by any person to acquire all of the issued Shares (other than those already owned by the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional prior to the vesting date of any Award; or

(ii) a general offer by any person for the Shares by way of scheme of arrangement which is made to all the Shareholders and which is approved by the necessary number of Shareholders at the requisite meeting(s) prior to the vesting date of any Award; or

(iii) a compromise or arrangement (other than a scheme of arrangement contemplated in sub-paragraph (ii) above) between the Company and the Shareholders and/or the creditors of the Company which is proposed for the purposes of or in connection with a plan for the reconstruction of the Company or its amalgamation with any other company or companies prior to the vesting date of any Award,

the Board shall prior to the offer becoming or being declared unconditional or (in the case of paragraph (ii) or (iii) prior to the date of the relevant meeting(s)), determine in its absolute discretion whether any Award that has not vested shall vest. To the extent that any Award does not vest, it shall lapse automatically on (in the case of paragraph (i)) the date on which the offer closes; (in the case of paragraph (ii)) the record date for determining entitlements under the scheme of arrangement; and (in the case of paragraph (iii)) on the date of the meeting of Shareholders or creditors.

In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any Award, the Company shall give notice thereof to all the grantees on the same day as it despatches to the Shareholders the notice convening the meeting. Notwithstanding any other terms on which the Award was granted, the Award shall vest so as to enable the allotment and issue or transfer, as the case may be of the relevant number of Shares underlying the Award by no later than two business days immediately prior to the date of the proposed general meeting. The Company shall as soon as possible and in any event no later than one business day immediately prior to the date of the proposed general meeting, procure the allotment and issue or transfer of the relevant number of Shares to the grantee which falls to be allotted and issued or transferred on such vesting of the Award or procure that a cash payment (or a combination of Shares and a cash payment) be made to the grantee. Provided that the resolution to voluntarily wind-up the Company is approved, any Award that has not vested shall lapse.

(p) Reorganisation of Capital Structure

In the event of an alteration in the capital structure of the Company by way of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company or any of its subsidiaries is a party or in connection with any share option, restricted share or other share schemes of the Company) whilst any Award has not vested or has vested but has not yet been satisfied, the Remuneration Committee may adjust the number of Shares subject to an Award and/or the maximum aggregate number of new Shares which may be issued in respect of Awards granted under the RSU Scheme pursuant to Scheme Mandate Limit as it, in its absolute discretion, thinks fit so that any such adjustments give the grantees the same proportion of the share capital of the Company as that to which such grantees were previously entitled (rounded to the nearest whole Share).

(q) Alteration of the RSU Scheme

Save as provided below, the Board may alter any of the terms of the RSU Scheme at any time, including but not limited to the method by which a grantee accepts the Award and such other minor amendments to benefit the administration of the RSU Scheme, provided that such alterations comply with the requirements of the Singapore Companies Act and the Listing Rules, to the extent applicable.

Any alterations to the terms and conditions of the RSU Scheme which are of a material nature or any alterations to the specific provisions of the RSU Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantees and changes to the authority of the Board in relation to any alteration of the terms of the RSU Scheme, in each case, must be approved by Shareholders in general meeting.

Any changes to the terms of the Awards granted must be approved by Board, the Remuneration Committee, the Independent Non-Executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of such Awards was approved by the Board, the Remuneration Committee, the Independent Non-Executive Directors and/or Shareholders in general meeting (as the case may be), except where the alterations or changes take effect automatically under the existing terms of the RSU Scheme. The Remuneration Committee's determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme is material shall be conclusive.

The amended terms and conditions of the RSU Scheme and the Awards shall comply with the Listing Rules and the amendments thereto which will come into effect 1 January 2023, including in particular Chapter 17 of the Listing Rules and all applicable laws, rules and regulations.

(r) General

As of the Latest Practicable Date, no Award of RSUs has been granted or agreed to be granted by the Company pursuant to the RSU Scheme.

D. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Interests of the Directors and Chief Executive of the Company

Immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering (assuming the Over-allotment Option is not exercised), the interests and/or short positions (as applicable) of the Directors and the chief executive officer of the Company in the Shares, underlying Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange will be as follows:

Interests/Short Positions in the Shares

Name of Director or Chief Executive	Number of shares	Nature of Interest	Approximate Percentage
TAN Yong Nang	28,680,582(1)	Personal Interest	4.10%
Edgar Dowse COLLINS	8,645,060(2)(3)	Personal Interest	1.24%
YANG Ku	3,058,200(2)(4)	Personal Interest	0.44%
GAO Lina	166,500(5)	Personal Interest	0.02%

Notes:

(1) Includes (i) 19,992,612 Shares to be issued to Mr. Tan on the Listing Date pursuant to the Japfa Distribution, (ii) 7,492,500 Shares to be issued to Mr. Tan on the Listing Date pursuant to the Share Award Issuance (comprising 7,492,500 Shares to be issued in settlement of single initial grant awards made under the AAG PSP) and (iii) the entitlement of Mr. Tan to receive up to 1,195,470 Shares pursuant to the vesting of the Awards granted to him under the AAG PSP, subject to the vesting conditions of those Awards.

(2) The number of Shares to be issued in settlement of outstanding SARs will be calculated using the final Offer Price. In this prospectus, the number of the Shares has been calculated using the mid-point of the Offer Price Range for illustration purposes. See " – *C. Share Plans*" for details.

(3) Includes (i) 1,180,360 Shares to be issued to Mr. Collins on the Listing Date pursuant to the Japfa Distribution, (ii) 6,206,700 Shares to be issued to Mr. Collins on the Listing Date pursuant to the Share Award Issuance (comprising 9,200 Shares to be issued in settlement of SARs, assuming an Offer Price of HK$6.40 (being the mid-point of the Offer Price Range), and 6,197,500 Shares to be issued in settlement of single initial grant awards made under the AAG PSP) and (iii) the entitlement of Mr. Collins to receive up to 1,258,000 Shares pursuant to the vesting of the Awards granted to him under the AAG PSP, subject to the vesting conditions of those Awards.

(4) Includes (i) 51,000 Shares to be issued to Mr. Yang on the Listing Date pursuant to the Japfa Distribution, (ii) 2,504,000 Shares to be issued to Mr. Yang on the Listing Date pursuant to the Share Award Issuance (comprising 6,500 Shares to be issued in settlement of SARs, assuming an Offer Price of HK$6.40 (being the mid-point of the Offer Price Range), and 2,497,500 Shares to be issued in settlement of single initial grant awards made under the AAG PSP) and (iii) the entitlement of Mr. Yang to receive up to 503,200 Shares pursuant to the vesting of the Awards granted to him under the AAG PSP, subject to the vesting conditions of those Awards.

(5) Includes the entitlement of Ms. Gao to receive up to 166,500 Shares pursuant to the vesting of the Awards granted to her under the AAG PSP, subject to the vesting conditions of those Awards.

Save as disclosed in the table above, none of the Directors or the chief executive of the Company will, immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, have an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange.

2. Particulars of Letters of Appointment

Each Director has entered into a letter of appointment in relation to his/her role as a director of the Company, which is subject to termination by the Director or the Company in accordance with the terms of the letter of appointment, the requirements of the Listing Rules and the provisions relating to the retirement and rotation of the Directors under the Constitution.

Pursuant to the terms of the letter of appointment entered into between each Director (on the one part) and the Company (on the other part), (a) the Executive Directors and Non-Executive Director are not entitled to any director's fees and (b) the Independent Non-Executive Directors are each entitled to director's fees of HK$250,000 per year and HK$25,000 per year for each board committee of which he is a member or chairman.

Each Director is entitled to be indemnified by the Company (to the extent permitted under the Constitution and applicable laws) and to be reimbursed by the Company for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her letter of appointment.

Save as disclosed above in this subheading, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

For details of the Directors' remuneration, see "*Directors and Senior Management – Directors' Remuneration and Remuneration of Five Highest Paid Individuals*".

4. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements, as detailed in "*Underwriting – Commissions and Expenses*". Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors and experts referred to in "*Appendix V – Statutory and General Information*" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

5. Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

6. Disclaimers

(a) None of the Directors nor any of the experts referred to in "*– 6. Qualifications and Consents of Experts*" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in "*– Qualifications and Consents of Experts*" below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

(c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

E. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group in Hong Kong, the PRC and Singapore.

2. The Joint Sponsors

The Joint Sponsors confirm that each of them satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will receive a fee of US$500,000 for acting as a sponsor for the Listing.

3. Registration Procedures

The register of members of the Company will be maintained in Singapore by the Company's Principal Share Registrar and a branch register of members of the Company will be maintained in Hong Kong by the Hong Kong Share Registrar. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's branch share register in Hong Kong and may not be lodged in Singapore.

4. Preliminary Expenses

The Company did not incur any material preliminary expenses.

5. Promoter

The Company has no promoter. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to the promoters in connection with the Global Offering or the related transactions described in this prospectus.

6. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
DBS Asia Capital Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Rajah & Tann Singapore LLP	Singapore advocates and solicitors
Global Law Office	PRC attorneys-at-law
Ernst & Young	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent qualified professional valuer
Frost & Sullivan International Limited	Industry consultant

Each of the parties listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

7. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Miscellaneous

(a) Save as disclosed in "*History and Corporate Structure*", "*Share Capital*", "*Structure of the Global Offering*" and this Appendix, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) Save as disclosed in "*Structure of the Global Offering*", no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued.

(d) None of the equity and debt securities of the Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(e) The Company has no outstanding convertible debt securities or debentures.

(f) None of the parties listed in "– *Qualifications and Consents of Experts*":

    (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

    (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.

(g) No company within the Group is presently listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought.

(h) The English text of this prospectus and the Green Application Form shall prevail over their respective Chinese text.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **GREEN** Application Form;

(b) a copy of each of the material contracts referred to in "*Appendix V – Statutory and General Information*"; and

(c) the written consents referred to in "*Appendix V – Statutory and General Information*".

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.austasiadairy.com** during a period of 14 days from the date of this prospectus:

(a) the Constitution;

(b) the Accountants' Report and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in "*Appendix I – Accountants' Report*" and "*Appendix II – Unaudited Pro Forma Financial Information*", respectively;

(c) the audited consolidated financial statements of the Group for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022;

(d) the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited;

(e) the letter from Rajah & Tann Singapore LLP, the Company's Singapore legal adviser, summarising certain aspects of the Singapore Companies Act and the Singapore Takeover Code referred to in "*Appendix IV – Summary of the Constitution of the Company, the Laws of Singapore and Takeover Code Matters*";

(f) the legal opinions from Global Law Office, the Company's PRC Legal Adviser, in respect of certain aspects of the Group;

(g) the industry report prepared by Frost & Sullivan;

(h) the Singapore Companies Act, the Singapore Securities and Futures Act 2001 and the Singapore Takeover Code;

(i) the letters of appointment referred to in "*Appendix V – Statutory and General Information*";

(j) the material contracts referred to in "*Appendix V – Statutory and General Information*"; and

(k) the written consents referred to in "*Appendix V – Statutory and General Information*".

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"**AAG PSP**"	the AAG Performance Share Plan adopted by the Company on 3 July 2020, which was amended on 5 December 2022, details of which are set out in "Appendix V – Statutory and General Information – C. Share Plans"
"**Accountants' Report**"	the accountant's report of the Company, the text of which is set out in Appendix I to this prospectus
"**AFRC**"	the Accounting and Financial Reporting Council
"**AIH2**"	AIH2 Pte. Ltd., a private company limited by shares incorporated under the laws of Singapore on 3 July 2014 and a wholly-owned subsidiary of the Company
"**Annona**"	Annona Pte. Ltd., a private company limited by shares incorporated under the laws of Singapore on 3 November 2009 and a wholly-owned subsidiary of Japfa
"**Appointed Broker**"	CGS-CIMB Securities (Singapore) Pte. Ltd. or such other person(s) as the Japfa Board may appoint for the Sale Election
"**Board**" or "**Board of Directors**"	the board of directors of the Company
"**business day**"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"**Capital Market Intermediaries**"	the capital market intermediaries listed in "*Directors and Parties Involved in the Global Offering*"
"**Capital Reduction**"	the proposed capital reduction exercise to be carried out by Japfa pursuant to Section 78G read with Section 78I of the Singapore Companies Act to effect the Japfa Distribution
"**Capitalisation Issue**"	the issue of the Capitalisation Shares at the final Offer Price to Japfa prior to the Listing Date by way of the capitalisation of all of the outstanding loans from Japfa to the Company in the aggregate amount of approximately US$25.54 million
"**Capitalisation Shares**"	the new Shares to be issued to Japfa pursuant to the Capitalisation Issue

"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**CCASS Account**"	a securities account maintained by a CCASS Participant with CCASS
"**CCASS Clearing Participant**"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"**CCASS Custodian Participant**"	a person admitted to participate in CCASS as a custodian participant
"**CCASS Investor Participant**"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"**CCASS Participant**"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"**CDP**"	The Central Depository (Pte) Limited
"**Chifeng AustAsia**"	Chifeng AustAsia Modern Dairy Farm Co., Ltd. (赤峰澳亞現代牧場有限公司), a company established in the PRC with limited liability on 1 September 2014 and an indirect wholly-owned subsidiary of the Company
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**" or "**Companies (WUMP) Ordinance**" or "**C(WUMP)O**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"**Company**"	AustAsia Group Ltd., a company incorporated under the laws of Singapore with limited liability on 17 April 2009
"**Constitution**"	the constitution of the Company (as amended from time to time), conditionally adopted on 11 November 2022 and which became effective upon the conversion of the Company into a public company limited by shares on 14 November 2022, a summary of which is set out in Appendix IV to this prospectus

"Controlling Shareholders"	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the group of Controlling Shareholders comprising Mr. Renaldo Santosa, Ms. Gabriella Santosa, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited, Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc.
"Director(s)"	the director(s) of the Company
"Dongying AustAsia"	Dongying AustAsia Modern Dairy Farm Co., Ltd. (東營澳亞現代牧場有限公司), a company established in the PRC with limited liability on 31 July 2009 and an indirect wholly-owned subsidiary of the Company
"Dongying AustAsia Beef"	Dongying AustAsia Beef Co., Ltd. (東營澳亞肉牛養殖有限公司), a company established in the PRC with limited liability on 29 March 2013 and an indirect wholly-owned subsidiary of the Company
"Dongying Shenzhou AustAsia"	Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. (東營神州澳亞現代牧場有限公司), a company established in the PRC with limited liability on 10 April 2013 and an indirect wholly-owned subsidiary of the Company
"Dongying Xianhe AustAsia"	Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd. (東營仙河澳亞現代牧場有限公司), a company established in the PRC with limited liability on 28 June 2011 and an indirect wholly-owned subsidiary of the Company
"Election Notice"	the election and sale election notice to be despatched by Japfa to the Entitled Japfa Shareholders (other than the Japfa Overseas Shareholders) following the Record Date
"Election Period"	the period commencing from the date of despatch of the Election Notice and ending on such date being the deadline for the submission of the Election Notice by the Entitled Japfa Shareholders (other than the Japfa Overseas Shareholders)
"Entitled Japfa Shareholders"	Japfa Shareholders whose names appear on the register of members of Japfa as at the Record Date and who will be entitled to the Japfa Distribution
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan International Limited, an independent industry consultant

"**Frost & Sullivan Report**"	an independent market research report prepared by Frost & Sullivan, which was commissioned by the Company for the purpose of this prospectus
"**FY**" or "**Financial Year**"	financial year ended or ending 31 December
"**GDS**"	Greenfields Dairy Singapore Pte. Ltd. (formerly known as AustAsia Food Pte. Ltd.), PT Greenfield Indonesia, PT Greenfields Dairy Indonesia (formerly known as PT AustAsia Food), Greenfields Dairy Malaysia Sdn. Bhd. (formerly known as AustAsia Food (M) Sdn. Bhd.), and Greenfields Dairy Hong Kong Limited (formerly known as AustAsia Food HK Limited), collectively
"**Global Offering**"	the Hong Kong Public Offering and the International Offering
"**GREEN Application Form(s)**"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"**Group**", "**we**", "**our**" or "**us**"	the Company and its subsidiaries
"**HK$**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, in its capacity as nominee for HKSCC (or any successor thereto) as operator of CCASS and any successor, replacement or assign of HKSCC Nominees Limited as nominee for the operator of CCASS
"**Hong Kong**"	the Hong Kong Special Administrative Region of the PRC
"**Hong Kong Offer Shares**"	the 3,064,000 Offer Shares initially being offered by the Company pursuant to the Hong Kong Public Offering (subject to reallocation as described in "*Structure of the Global Offering*")
"**Hong Kong Public Offering**"	the offer of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the **GREEN** Application Form, as further described in "*Structure of the Global Offering*"
"**Hong Kong Share Registrar**"	Computershare Hong Kong Investor Services Limited

"**Hong Kong Takeovers Code**"	the Code on Takeovers and Mergers of Hong Kong
"**Hong Kong Underwriters**"	the underwriters listed in "*Underwriting – Hong Kong Underwriters*", being the underwriters of the Hong Kong Public Offering
"**Hong Kong Underwriting Agreement**"	the underwriting agreement dated 15 December 2022 relating to the Hong Kong Public Offering entered into among the Company, the Overall Coordinators, the Joint Sponsors, the Joint Bookrunners, Joint Lead Managers and Hong Kong Underwriters, as further described in "*Underwriting*"
"**IFRSs**"	International Financial Reporting Standards
"**independent third party**"	any party who is not connected (within the meaning of the Listing Rules) with the Company, so far as the Directors are aware after having made reasonable enquiries
"**International Offer Shares**"	the 27,576,000 Offer Shares initially being offered in the International Offering together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in "*Structure of the Global Offering*"
"**International Offering**"	the offer of International Offer Shares by the Company (a) in the United States or to U.S. persons, in each case only to persons who are QIBs or (b) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S, for subscription or purchase (as the case may be) at the Offer Price, in each case on and subject to the terms and conditions of International Underwriting Agreement, as further described in "*Structure of the Global Offering*"
"**International Underwriters**"	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Offering
"**International Underwriting Agreement**"	the underwriting agreement relating to the International Offering to be entered into among the Company, the Overall Coordinators and the International Underwriters on or about the Price Determination Date, as further described in "*Underwriting*"
"**IT**"	information technology
"**Japfa**"	Japfa Ltd., a company incorporated in Singapore on 8 October 2008 and listed on the Mainboard of the SGX-ST (stock code: UD2)

"**Japfa Board**"	the board of directors of Japfa
"**Japfa Distribution**"	the distribution *in specie* by Japfa of Shares (including the Capitalisation Shares) to the Entitled Japfa Shareholders as described in "*The Japfa Distribution and the Listing*"
"**Japfa Group**"	Japfa and its subsidiaries, but excluding the Group immediately following the completion of the Listing
"**Japfa Overseas Shareholders**"	a Japfa Shareholder whose registered address appearing in the register of members of Japfa or the depository register maintained by CDP (as the case may be) is outside Singapore as at the Record Date
"**Japfa Shareholders**"	registered holders of Japfa Shares in the register of members of Japfa, except that where the registered holder is CDP, the term "*Japfa Shareholders*" shall, in relation to such Japfa Shares, and where the context admits, mean the persons named as depositors in the depository register maintained by the CDP and whose securities accounts maintained by the CDP are credited with those Japfa Shares
"**Japfa Shares**"	ordinary shares in capital of Japfa
"**Joint Bookrunners**"	China International Capital Corporation Hong Kong Securities Limited, DBS Asia Capital Limited, Daiwa Capital Markets Hong Kong Limited, ABCI Capital Limited, BOCOM International Securities Limited and Futu Securities International (Hong Kong) Limited
"**Joint Global Coordinators**" or "**Overall Coordinators**"	China International Capital Corporation Hong Kong Securities Limited and DBS Asia Capital Limited
"**Joint Lead Managers**"	China International Capital Corporation Hong Kong Securities Limited, DBS Asia Capital Limited, Daiwa Capital Markets Hong Kong Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, Futu Securities International (Hong Kong) Limited and Silverbricks Securities Company Limited
"**Joint Sponsors**"	China International Capital Corporation Hong Kong Securities Limited and DBS Asia Capital Limited
"**JLL**"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer

"**Latest Practicable Date**"	8 December 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"**Listing**"	the listing of the Shares on the Main Board of the Stock Exchange
"**Listing Approval**"	the approval of the Listing Committee of the Stock Exchange for the Listing
"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"**Listing Date**"	the date, expected to be on or about Friday, 30 December 2022, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
"**Maximum Offer Price**"	HK$7.00 per Offer Share, being the maximum subscription price in the Offer Price Range
"**Minimum Offer Price**"	HK$5.79 per Offer Share, being the minimum subscription price in the Offer Price Range
"**MOFCOM**"	the Ministry of Commerce of the PRC
"**NDRC**"	National Development and Reform Commission of the PRC
"**Offer Price**"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and AFRC transaction levy of 0.00015%) of not more than HK$7.00 and expected to be not less than HK$5.79, such price to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company on or before the Price Determination Date
"**Offer Price Range**"	HK$5.79 to HK$7.00 per Offer Share
"**Offer Shares**"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option

"**Over-allotment Option**"	the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters), pursuant to which the Company may be required to allot and issue up to an additional 4,596,000 Shares (representing not more than approximately 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, as further described in "*Structure of the Global Offering*"
"**PBOC**"	People's Bank of China (中國人民銀行)
"**PRC**" or "**China**"	the People's Republic of China, but for the purposes of this prospectus only, except where the context requires, references in this prospectus to PRC or China exclude Hong Kong, Macau and Taiwan
"**PRC Legal Adviser**"	Global Law Office, the legal adviser to the Company as to laws of the PRC
"**Price Determination Date**"	the date, expected to be on or about Wednesday, 21 December 2022, on which the Offer Price will be determined and, in any event, not later than Thursday, 29 December 2022
"**Pure Source Dairy**"	Pure Source Dairy Farm Co., Ltd. (醇源牧場有限公司), a company established in the PRC with limited liability on 21 January 2016 and an indirect wholly-owned subsidiary of the Company
"**QIB**"	a qualified institutional buyer within the meaning of the Rule 144A
"**Record Date**"	29 December 2022, being the record date for determining the entitlement of Japfa Shareholders to the Japfa Distribution (or such other date as the Japfa Board may determine)
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Relevant Persons**"	the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, the Controlling Shareholders, Japfa, any of their or the Company's respective directors, officers, agents, or representatives or advisors or any other person involved in the Global Offering
"**RMB**"	Renminbi, the lawful currency of the PRC
"**RSU**"	restricted share units granted under the RSU Scheme

"**RSU Scheme**"	the post-IPO RSU Scheme adopted by the Company on 5 December 2022, details of which are set out in "*Appendix V – Statutory and General Information – C. Share Plans*"
"**Rule 144A**"	Rule 144A under the U.S. Securities Act
"**S$**", "**SGD**" or "**Singapore Dollars**"	the lawful currency of Singapore
"**SARs**"	share appreciation rights granted by the Company, details of which are set out in "*Appendix V – Statutory and General Information – C. Share Plans*"
"**SAFE**"	State Administration of Foreign Exchange of the PRC
"**Sale Election**"	the election by Entitled Japfa Shareholders to have their entitlement of Shares under the Japfa Distribution disposed of in the market by the Appointed Broker following the Listing
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"**SGX-ST**"	Singapore Exchange Securities Trading Limited
"**ShanDong AustAsia Feed**"	ShanDong AustAsia Feed Technology Co., Ltd (山東澳亞飼料科技有限公司), a company established in the PRC with limited liability on 2 June 2021 and an indirect wholly-owned subsidiary of the Company
"**Shanghai AustAsia Food**"	Shanghai AustAsia Food Co., Ltd. (上海澳雅食品有限公司), a company established in the PRC with limited liability on 23 December 2013 and an indirect wholly-owned subsidiary of the Company
"**Share Award Issuance**"	the issue of new Shares on the Listing Date in settlement of (a) the outstanding SARs granted by the Company and (b) the single initial grant awards made under the AAG PSP, details of which are set out in "*Appendix V – Statutory and General Information – C. Share Plans*"

"**Share Split**"	the subdivision of 336,111,968 issued Shares into 621,807,139 issued Shares (with fractional entitlements arising from the subdivision of each Share being aggregated to form whole Shares, without rounding and any resulting fractional entitlements to be disregarded) on 5 December 2022
"**Share Buy-backs Code**"	the Code on Share Buy-backs of Hong Kong
"**Shareholder(s)**"	holder(s) of Shares
"**Shares**"	ordinary shares in the share capital of the Company
"**Singapore**"	the Republic of Singapore
"**Singapore Companies Act**"	the Companies Act 1967 of Singapore, as amended, supplemented or otherwise modified from time to time
"**Singapore Court**"	the High Court of Singapore
"**Singapore Takeover Code**"	the Singapore Code on Take-overs and Mergers
"**Stabilising Manager**"	China International Capital Corporation Hong Kong Securities Limited
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Tai'an AustAsia**"	Tai'an AustAsia Modern Dairy Farm Co., Ltd. (泰安澳亞現代牧場有限公司), a company established in the PRC with limited liability on 5 May 2011 and an indirect wholly-owned subsidiary of the Company
"**Track Record Period**"	the three years ended 31 December 2021 and the six months ended 30 June 2022
"**Underwriters**"	the Hong Kong Underwriters and the International Underwriters
"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"**U.S.**" or "**United States**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"**US$**" or "**USD**"	Dollars, the lawful currency of the U.S.
"**U.S. Securities Act**"	the United States Securities Act of 1933, as amended

"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"**White Form eIPO Service Provider**"	Computershare Hong Kong Investor Services Limited

In this prospectus, unless the context otherwise requires, the terms "**associate**", "**close associate**", "**connected person**", "**core connected person**", "**connected transaction**", "**subsidiary**", "**controlling shareholder**" and "**substantial shareholder**" shall have the meanings given to such terms in the Listing Rules.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, certain amounts denominated in U.S. dollars have been translated into Hong Kong dollars at an exchange rate of US$1 = HK$7.77862, in each case for illustrative purposes only and such conversions shall not be construed as representations that amounts in U.S. dollars were or could have been or could be converted into Hong Kong dollars and/or that amounts in Hong Kong dollars were or could have been or could be converted into U.S. dollars at such rate or any other exchange rates.

Unless otherwise specified, all references to any shareholdings in the Company, and references to any shareholdings in the Company following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering assume that (a) the Capitalisation Shares are issued at the mid-point of the Offer Price Range and (b) the Over-allotment Option is not exercised.

This glossary contains definitions of certain terms used in this prospectus in connection with the Group and its business. Some of these may not correspond to standard industry definitions.

"**aerobic plate count**"	the count of microbes and bacteria in raw milk, an important safety indicator of raw milk; lower aerobic plate count typically indicates improved sanitation and better health conditions
"**alfalfa**"	a type of perennial forage grass in the legume family Fabaceae cultivated as an important forage crop for ruminants
"**annualised average milk yield per milkable cow**"	unless otherwise specified, the total milk production volume of milkable cows over the period divided by total number of days for which the milkable cows are raised during the period, and then multiplied by the total number of days of the relevant year
"**bovine tuberculosis**" or "**tuberculosis**"	a chronic, highly infectious disease that primarily affects cattle but can be transmitted to humans, and is caused by mycobacterium bovis, a group of bacteria that usually affects the respiratory system
"**brucellosis**"	a highly contagious disease that is spread by infected material at time of calving or abortion and that can result in infertility, habitual miscarriage and reduced milk yield
"**bull**"	a male bovine animal
"**CAGR**"	compound annual growth rate
"**calf**" or "**calves**"	young female cow(s) up to six months of age from birth
"**cattle**" or "**beef cattle**"	beef calves, weaners, feeders and finishers that are raised for the purpose of being processed into beef meat
"**CFU**"	colony-forming unit, a measure of viable bacteria or fungal cells in a sample
"**core herd**"	a herd of dairy cows or beef cattle with better genes and genetic traits for breeding
"**dairy cows**"	calves, heifers and milkable cows that are raised for the purpose of milking
"**dry cow(s)**"	milkable cow(s) that are in the dry period of a lactation cycle, during which they do not produce any raw milk

"**ESL milk**"	sterilised milk that has been heat-treated at high temperature for a few seconds with extended shelf life
"**ET**"	embryo transfer, the process of removing one or more embryos (fertilised eggs) from the reproductive tract of a donor female and transferring them to one or more recipient female
"**EU standards**" or "**European standards**"	quality standards of raw milk as set forth in the Council Directive 92/46/EEC adopted in the European Union
"**feed ingredients**"	feed that are derived from animals, plants, microbes and minerals, used for the processing and manufacture of feed but not feed additives
"**feeder**"	beef cattle in between weaner and finisher, usually from six to twelve months of age from birth
"**finisher(s)**"	beef cattle ready for sale
"**FMD**"	an acute, febrile, highly contagious disease caused by the foot-and-mouth disease virus. The clinical symptom is blistered on the oral mucosa, hoof and breast skin. It is mainly against cloven-hoofed beasts, with more than 70 susceptible animals
"**forage grass**"	feed that contain higher crude fibre (dry matter basis)
"**heifer(s)**"	young female cow(s) older than six months that has not given birth to a calf
"**high-end dairy products**"	the downstream dairy products with premium quality and sold at a high price
"**high-end liquid milk**"	liquid milk which is generally rich in protein, fat and other nutritional content with a retail price of no less than RMB20 per litre in 2020
"**Holsteins**"	a breed of large dairy cattle that have high milk yield with unique black and white patterns on their bodies and strong adaptability to various environment conditions
"**IVF**"	in vitro fertilisation, the process of harvesting oocytes from donor cows, and creating embryos by fertilising the oocytes with semen in a petri dish
"**large-scale farms**" or "**large-scale dairy farms**"	farms with 1,000 heads and more, typically have higher levels of capital investment and use more advanced technology

"**liquid milk**"	drinking milk, including UHT milk, pasteurised milk and yogurt, categorised by different processing techniques
"**mastitis**"	inflammation of the mammary gland that, when infected, can significantly reduce milk production and may lead to other abnormal reactions in the infected dairy cow
"**milkable cow(s)**"	dairy cow(s) that have given birth to a calf, including milking cows and dry cows
"**milking cow(s)**"	milkable cow(s) that are in the lactation period of a lactation cycle, during which they produce raw milk
"**mu**"	an area unit used in China, equals to approximately 667 square metres
"**PRC national standards**"	the National Food Safety Standard – Raw Milk issued by the Ministry of Health of the PRC
"**premium raw milk**" or "**high-end raw milk**"	raw milk produced by dairy cows in large-scale dairy farms with its quality higher than the PRC national standards, the U.S. standards, Japan standards and the EU standards
"**protein**"	an essential part of the animal organism and an important active substance that regulates the physiological activities in the animal body
"**ruminant**"	a group of mammals with special gastric structure, which can take in nutrients by fermenting plant-based feed by microorganisms living in specialised stomachs. Ruminants mainly include cattle, sheep, deer and others
"**weaner**"	beef cattle in between calf and feeder, usually from two to six months of age from birth
"**SCC**" or "**somatic cell count**"	the total number of cells per millilitre in milk, an important quality indicator of milk; lower somatic cell count typically indicates improved sanitation and better health conditions
"**silage**"	succulent, moist feed made by storing a green crop in a silo; the crop most used for silage is corn; others are alfalfa, sorghum, wheat, legumes, and grass
"**steer**"	a male bovine animal that has been neutered

"**traceable raw milk**"	raw milk which can be traced back and forth throughout the supply chain, from dairy farm or point of production to the consumers
"**UHT milk**"	sterilised milk (from cows or goats) that has been heat-treated at 132°C for a few seconds in a continuous flow state and went through aseptic filling
"**U.S. standards**"	the raw milk quality standards in Grade "A" premium Pasteurized Milk Ordinance issued by U.S. Department of Health and Human Services


AUSTASIA
AustAsia Group Ltd.
澳亞集團有限公司*