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 Ltd, which is listed on the Mainboard of the SGX-ST. Japfa Ltd 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:

	For the year ended 31 December														
	2019					2020					2021				
	Sales amount	Sales volume	Average selling price[1]		Gross profit 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*	*%*
Raw milk															
Inter-segment sales[2]	7,565	14,544	520	3,586	24.6	7,423	13,296	558	3,849	27.4	21,295	35,672	597	3,849	18.2
External sales	315,586	533,787	591	4,076	34.3	349,834	551,812	634	4,371	36.7	438,038	589,769	743	4,789	35.1

	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*	*%*
Raw milk										
Inter-segment sales[2]	9,462	15,992	592	3,827	18.3	5,789	9,786	592	3,849	11.5
External sales	202,982	277,976	730	4,723	34.7	242,302	337,989	717	4,664	27.2

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															For the six months ended 30 June									
	2019					2020					2021					2021					2022				
	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	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*	*%*	*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	(0.2)	11,955	12,398	964	6,648	0.9	33,383	31,524	1,059	6,828	7.6	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) 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
- Visionary 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:

Region	Number of beef cattle feedlots	Size	Designed capacity	Number of beef cattle	Utilisation rate(1)
		(mu)	*(number of beef cattle)*	*(head)*	
Shandong	1	3,142	20,000	18,358	91.8%
Inner Mongolia	1	979	15,000	9,794	65.3%
Total	**2**	**4,121**	**35,000**	**28,152**	**80.4%**

Note:

(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 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.

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 [●] 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
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 of 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 Date. Accordingly, the Japfa Distribution will only proceed when there is a high degree of certainty that the Listing will proceed.

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 [**REDACTED**]% 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 [**REDACTED**]% 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 [**REDACTED**]% 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 [**REDACTED**]% 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 [**REDACTED**]% of the Shares in issue (assuming the Over-allotment Option is not exercised) and approximately [**REDACTED**]% 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 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. 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$[**REDACTED**] (being the mid-point of the Offer Price Range) from the Global Offering as follows:

- Approximately HK$[**REDACTED**], or [**REDACTED**]% of our net proceeds, will be used in connection with the expansion of our portfolio of dairy farms, as further described below:

  - approximately HK$[**REDACTED**], or [**REDACTED**]% of our net proceeds, will be used in building farm facilities and purchasing equipment for Pure Source Farm 3, where construction has commenced in April 2022 and full milking capacity is expected to be reached by December 2023; and

  - approximately HK$[**REDACTED**], or [**REDACTED**]% of our net proceeds, will be used 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 Farms 3 and 4 to satisfy our capital needs. For more details, see "*Business – Raw Milk Business – Our Dairy Farms*".

- Approximately HK$[**REDACTED**], or [**REDACTED**]% of our net proceeds, is intended to be used for general corporate purposes and funding working capital needs.

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$[**REDACTED**] per Offer Share (being the mid-point of the Offer Price Range), we estimate that the total listing expenses payable by us will be [**REDACTED**] ([**REDACTED**]), comprising (i) underwriting-related expenses of approximately [**REDACTED**] ([**REDACTED**]), and (ii) non-underwriting-related expenses of [**REDACTED**] ([**REDACTED**]). Our estimated total listing expenses represent [**REDACTED**]% of the total gross proceeds that we will receive from this Global Offering, of which [**REDACTED**] ([**REDACTED**]) will be charged to our consolidated statements of comprehensive income and [**REDACTED**] ([**REDACTED**]) 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$[REDACTED] per Offer Share	Based on the Offer Price of HK$[REDACTED] per Offer Share
Market capitalisation of the Shares(1)	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company per Share(2)	[REDACTED]	[REDACTED]

[REDACTED]

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.