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 June 2022. 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 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 Farm 11 and Farm 12. See "*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税法) (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税法實施條例) (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税暫行條例), 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 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 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.

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 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*".

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 or transferred pursuant to awards granted under the AAG PSP on any date shall not exceed 5% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares) on the Listing Date. The RSU Scheme Mandate Limit, which refers to the total number of Shares in respect of which RSUs may be granted pursuant to the RSU Scheme, is (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 [●] 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 our portfolio of dairy farms, for general corporate purposes and funding working capital needs. 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 or third-party 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 publicly available sources. We cannot guarantee the accuracy or completeness of certain facts, forecasts and other statistics contained in this prospectus that are obtained from various public sources and other independent third-party sources.

Although we believe that the data from publicly available government and official sources and other independent third-party sources may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and its dependability cannot be guaranteed. The information has not been independently verified by the Company, the Underwriters or any of their respective affiliates or advisors involved in the Global Offering, 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. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics therein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this prospectus. For these reasons, you are advised not to place undue reliance on such information or statistics included in this prospectus, when making your investment decision. 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.