

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

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

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

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

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

KEY MILESTONES

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

<u>Year</u>	<u>Event</u>
1997	Start of our dairy farming experience as the dairy division of the Japfa Group with first dairy farm in Malang, Indonesia
2004	Commenced dairy farming operations in the PRC with the Mengniu JV and became the first dairy farm operator in China to build a large-scale dairy farm with herd size of over 10,000

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

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MAJOR SHAREHOLDING CHANGES OF THE COMPANY

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

PRE-IPO INVESTMENT

Sale and Purchase Agreement

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

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

Principal Terms of the Acquisition I

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

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

Notes:

(1) [REDACTED]

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

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

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

Principal Terms of the Acquisition II

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

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

Notes:

(1) [REDACTED]

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

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

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

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Principal Terms of the Acquisition III

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

Date of the Sale and Purchase Agreement	:	30 August 2021
Total Consideration	:	US\$29.2 million
Date of Last Payment of Consideration	:	2 September 2021
Cost per Share paid by the Pre-IPO Investor III	:	Approximately US\$3.48
Cost per Share paid by the Pre-IPO Investor III (taking into account the effect of the Share Split) [REDACTED] ⁽¹⁾	:	Approximately [REDACTED] [REDACTED]
Shareholding in the Company upon Listing ⁽²⁾	:	[REDACTED]

Notes:

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

(4) *Transfer of Shares of the Company from Japfa to GGG Holdings Limited (“GGG Holdings”)*

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

Principal Terms of the Acquisition IV

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

Date of the Sale and Purchase Agreement	:	7 September 2021
Total Consideration	:	US\$58.4 million
Date of Last Payment of Consideration	:	3 December 2021
Cost per Share paid by the Pre-IPO Investor IV	:	Approximately US\$3.48
Cost per Share paid by the Pre-IPO Investor IV (taking into account the effect of the Share Split) [REDACTED] ⁽¹⁾	:	Approximately [REDACTED] [REDACTED]
Shareholding in the Company upon Listing ⁽²⁾	:	[REDACTED]

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Notes:

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

Proceeds from the Pre-IPO Investment

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

Strategic Benefits of the Pre-IPO Investment to the Company

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

Special Rights of the Pre-IPO Investors

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

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

Lock-up

The Pre-IPO Investors are not subject to any lock-up under the sale and purchase agreements in relation to the Pre-IPO Investment.

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Background of the Pre-IPO Investors

(1) *Meiji Co. and Meiji China*

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

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

(2) *Plutus Taurus and Chi Forest*

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

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

(3) *Honest Dairy*

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

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

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(4) *New Hope and GGG Holdings*

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

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

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

Public Float

Immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Pre-IPO Investors will hold approximately [REDACTED]% of the total issued Shares (if the Over-allotment Option is not exercised) and [REDACTED]% of the total issued Shares (if the Over-allotment Option is exercised in full). [REDACTED]

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

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Compliance with Interim Guidance and Guidance Letters

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

OUR MAJOR SUBSIDIARIES

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

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

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ACQUISITIONS AND DISPOSALS

Acquisition of Pure Source Dairy

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

Transfers of GDS and the beef cattle and distribution businesses

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

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

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

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

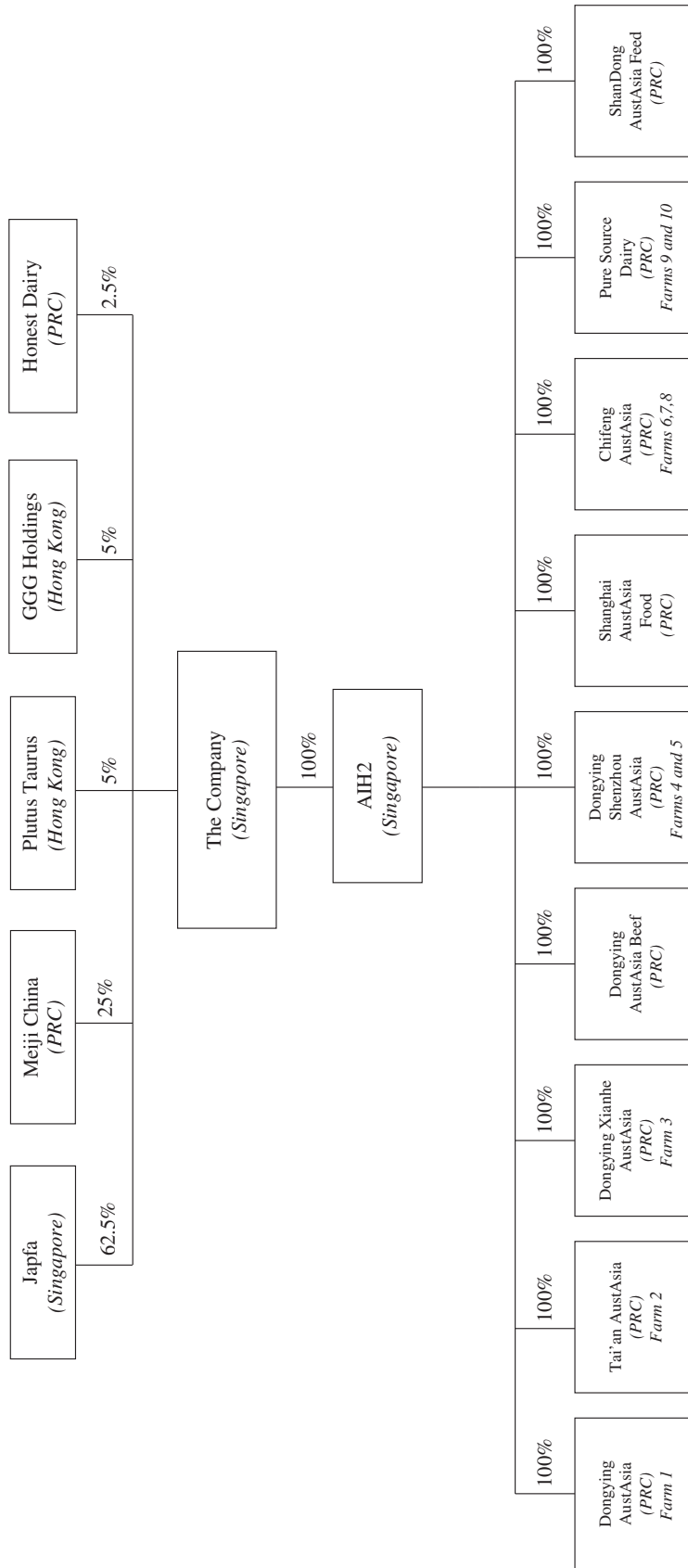
During the Track Record Period, the Group has not conducted any major acquisition or disposal (as defined in the Listing Rules).

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CORPORATE STRUCTURE

Corporate structure as of the date of this prospectus

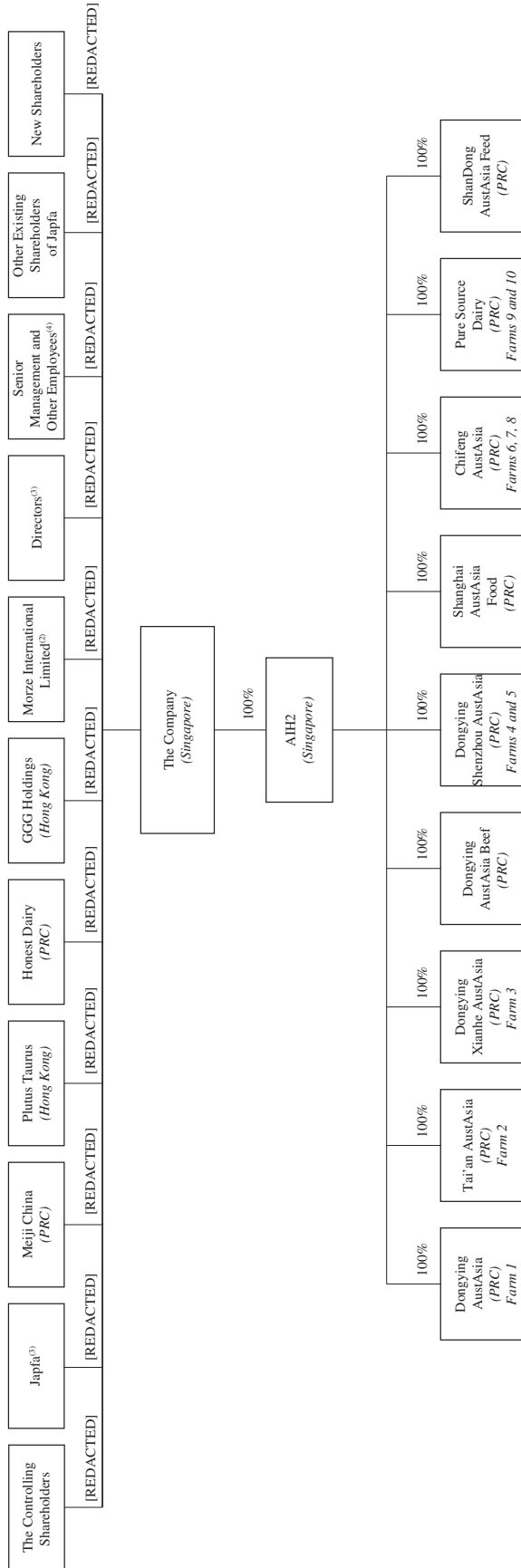
The simplified corporate structure of the Group as of the date of this prospectus is as follows:



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

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



Notes:

- (1) The number of Shares to be issued pursuant to the Capitalisation Issue will be calculated using the final Offer Price. In this prospectus, the number of the Shares to be issued pursuant to the Capitalisation Issue has been calculated using the mid-point of the Offer Price Range for illustration purposes. See “*Financial Information – Indebtedness – Loans from a Shareholder*” for details.
- (2) The Share Award Issuance comprises the new Shares to be issued on the Listing Date in settlement of (a) the outstanding SARs granted by the Company and (b) the single initial grant awards made under the AAG PSP, after taking into account the Share Split. The number of Shares to be issued in settlement of outstanding SARs will be calculated using the final Offer Price. In this prospectus, the number of the Shares has been calculated using the mid-point of the Offer Price Range for illustration purposes. See “*Appendix V – Statutory and General Information – C. Share Plans*” for details.
- (3) Japfa may hold some Shares as a result of the distribution ratio and fractional entitlements of the Japfa Distribution. See “*The Japfa Distribution and the Listing – The Japfa Distribution – Information on the Japfa Distribution*” for details.
- (4) The shares in Morze International Limited are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Capital Two Trust. See “*Substantial Shareholders*” for further details.
- (5) Comprises (i) [REDACTED] Shares to be issued pursuant to the Japfa Distribution and [REDACTED] Shares to be issued pursuant to the Share Award Issuance (comprising [REDACTED] Shares to be issued in settlement of single initial grant awards made under the AAG PSP) to Mr. TAN Yong Nang; (ii) [REDACTED] Shares to be issued pursuant to the Japfa Distribution and [REDACTED] Shares to be issued pursuant to the Share Award Issuance (comprising [REDACTED] Shares to be issued in settlement of SARs and [REDACTED] Shares to be issued pursuant to the Share Award Issuance).

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Shares to be issued in settlement of single initial grant awards made under the AAG PSP) to Mr. Edgar Dowse COLLINS; and (iii) [REDACTED] Shares to be issued pursuant to the Japfa Distribution and [REDACTED] Shares to be issued pursuant to the Share Award Issuance (comprising [REDACTED] Shares to be issued in settlement of SARs and [REDACTED] Shares to be issued in settlement of single initial grant awards made under the AAG PSP) to Mr. YANG Ku, each an Executive Director. See "*The Japfa Distribution and the Listing*" and "*Appendix V – Statutory and General Information – C: Share Plans*". The Shares held by the Directors will not count towards the public float of the Company.

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