

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

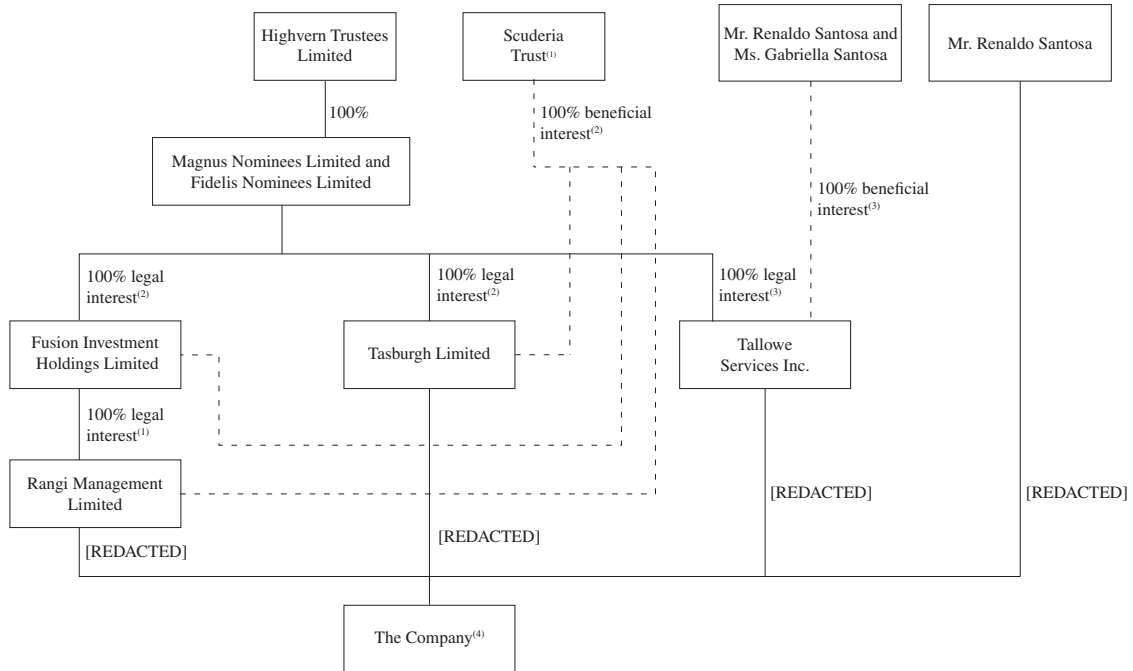
OVERVIEW

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

Upon the Japfa Distribution (as further described in “*The Japfa Distribution and the Listing*”) becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance (as further described in “*Appendix V – Statutory and General Information – C. Share Plans*”) and the Global Offering, shareholders of Japfa will become Shareholders of the Company and the Company will cease to be a subsidiary of Japfa. The Company will be directly owned as to approximately [REDACTED] by Rangi Management Limited, which is in turn wholly owned by Fusion Investment Holdings Limited. The Company will also be directly owned as to approximately [REDACTED] by Tasburgh Limited. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo Santosa and Ms. Gabriella Santosa are the joint investment power holders of the Scuderia Trust. Accordingly, each of Mr. Renaldo Santosa, Ms. Gabriella Santosa and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. In addition, immediately upon the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Company will be directly owned as to approximately [REDACTED] by Tallowe Services Inc. which is in turn wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo Santosa. Mr. Renaldo Santosa and Ms. Gabriella Santosa are beneficiaries of Mr Handojo Santosa’s interest in Tallowe Services Inc.. Mr. Renaldo Santosa will additionally hold [REDACTED] of the Shares of the Company through his client account with a financial institution.

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

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Notes:

- (1) Mr. Renaldo Santosa and Ms. Gabriella Santosa are the joint investment power holders of the Scuderia Trust.
- (2) The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust. The Shares held by Rang Management Limited and Tasburgh Limited are assets of the Scuderia Trust.
- (3) The shares of Tallowe Services Inc. are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo Santosa. Mr. Renaldo Santosa and Ms. Gabriella Santosa are beneficiaries of Mr Handojo Santosa’s interest in Tallowe Services Inc..
- (4) Japfa, a close associate of the Controlling Shareholders, may hold some Shares as a result of the distribution ratio and fractional entitlements of the Japfa Distribution. See “*The Japfa Distribution and the Listing – The Japfa Distribution – Information on the Japfa Distribution*” for details.

During the period from 1 January 2021 to 24 September 2022, Japfa was ultimately controlled by the group of controlling shareholders which comprised Mr. Handojo Santosa as the settlor and investment power holder of Scuderia Trust, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited, Fusion Investment Holdings Limited, Rang Management Limited, Tasburgh Limited and Tallowe Services Inc. (together, save for Mr. Handojo Santosa, the “**Santosa Family Entities**”). During such period, Mr. Handojo and the Santosa Family Entities held more than 60% of Japfa Shares. He was the executive chairman of Japfa and was not a director of the Company and was not involved in the day to day management of the Group during such period.

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Mr. Handojo Santosa passed away on 25 September 2022. As a result, there were the following changes in the holding structure of Japfa Shares (and therefore the indirect holding structure of interests in the Company's Shares) held by and/or held on behalf of the Controlling Shareholders:

- (a) Mr. Handojo Santosa's son and daughter, Mr. Renaldo Santosa and Ms. Gabriella Santosa, were appointed as the joint investment power holders of the Scuderia Trust. There was no change to the beneficiaries of Scuderia Trust (which included Mr. Renaldo Santosa and Ms. Gabriella Santosa).
- (b) There was no other change to the shareholding structure and/or assets of the Scuderia Trust. The Scuderia Trust at all times during this period remained the ultimate beneficial owner of more than 50% of Japfa Shares (and therefore of the attributable interests in more than 30% of the Company's Shares).
- (c) A small portion of the Japfa Shares in which the Controlling Shareholder group is interested were held by Tallowe Services Inc. which was wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for Mr. Handojo Santosa. As a result of Mr. Handojo Santosa's passing, the shares of Tallowe are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr Handojo Santosa. Mr Renaldo Santosa and Ms Gabriella Santosa are beneficiaries of Mr Handojo Santosa's interest in Tallowe Services Inc..

As Mr. Renaldo Santosa and Ms. Gabriella Santosa have been beneficiaries of the Scuderia Trust (which is the ultimate beneficial owner of the relevant Japfa Shares before the Japfa Distribution and the ultimate beneficial owner of the Controlling Shareholders' Shares in the Company after the Japfa Distribution), the changes set out above did not in substance change the fact that the Company has, at all times since 1 January 2021, been ultimately controlled by the same group of Controlling Shareholders.

BACKGROUND OF THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders are the largest shareholder in Japfa. The Controlling Shareholders do not have any interest in animal protein operations, dairy and beef businesses other than through their interests in the Japfa Group and the Group. Immediately following the Japfa Distribution becoming effective and the completion of the Capitalisation Issue, the Share Award Issuance and the Global Offering, the Controlling Shareholders will continue to be interested in approximately 60.57% in the Japfa Shares (based on their shareholding as of the Latest Practicable Date) and therefore Japfa is a close associate of the Controlling Shareholders.

Japfa is a leading, pan-Asian, industrialised agri-food company and the Japfa Shares have been listed on the Mainboard of the SGX-ST since 2014. The Japfa Group specialises in manufacturing animal feed and multiple animal proteins, such as poultry, beef and aquaculture, commercial farming, beef cattle breeding, fattening and processing as well as producing and distributing protein based processed food through its subsidiary in Indonesia. As of the Latest Practicable Date, the Japfa Group engaged in commercial farming and manufacturing animal feed, poultry and swine in Vietnam, Myanmar and India, and did not operate any dairy and beef businesses in China other than through the Group.

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INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS OF THE COMPANY

The Directors are of the view that the Group is able to carry on its business independently from the Controlling Shareholders and their close associates (including the Japfa Group) following the completion of the Japfa Distribution and the Global Offering.

(a) Clear Delineation of Business

Upon the completion of the Japfa Distribution and the Global Offering, there will be a clear delineation of the business of the Group and the business of the Controlling Shareholders (including the Japfa Group).

As noted above, the Controlling Shareholders do not have any interest in animal protein operations, dairy and beef businesses other than through their interests in the Japfa Group and the Group.

The Group is a dairy farm operator in China, providing premium raw milk to a well-diversified customer base of downstream dairy product manufacturers and is also engaged in beef cattle breeding and farming and sale of beef cattle in China. The Group also carries on an ancillary business in China which is mainly focused on business-to-business sales of milk products carrying the Group’s in-house brand “澳亞牧場 AustAsia”. For details of the Group’s business, see “*Business*”.

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

The Directors believe that the competition between the Group’s business and the Japfa Group’s business would be very limited and there is clear business delineation between the two businesses for the following reasons:

- (i) the Japfa Group does not have any dairy farming operations other than (1) a minority equity interest in GDS, which the Japfa Group does not operate or control and which (a) operates outside of China, (b) does not export raw milk to China, and (c) to the knowledge of the Directors, does not have overlapping downstream customers with the Group and (2) a subsidiary which produces branded milk in Indonesia which are not exported outside of Indonesia, while the Group’s dairy farming operations are in China and its dairy products are not exported outside of China;
- (ii) the Japfa Group does not have any beef cattle farming operations in China;
- (iii) the Japfa Group does not have any operations in China;

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- (iv) the Group does not have overlapping customers with the Japfa Group; and
- (v) based on current business plans, the Group does not currently have any present or foreseeable plan to expand outside of dairy, beef cattle and ancillary businesses, and Japfa does not currently have any present or foreseeable plan for the Japfa Group to operate dairy or beef cattle business in China. Taking into account the existing geographical delineation of the Group’s and the Japfa Group’s operations whereby the Group does not have operations outside of China and the Japfa Group does not have operations in China, and the significant barriers to enter the dairy farming industry and the beef cattle farming industry (as further described in “*Industry Overview – Entry Barriers of Dairy Farming Industry and Beef Cattle Farming Industry*”) which would require significant capital and time for the Group and the Japfa Group to expand their respective operations outside of their existing geographical regions of operations, the Directors are of the view that such entry barriers would manage, and therefore there is no significant risk of, any potential future competition between the Group and the Japfa Group.

(b) Operational and Administrative Independence

The Group has independent access to customers, suppliers and materials and has sufficient capital, facilities and employees to operate its business. The Group also holds all relevant licences and permits required for carrying on its business. Following the completion of the Japfa Distribution and the Global Offering, certain technical services which are not core operational or administrative services will continue to be provided by the Japfa Group, as described in “*Connected Transactions – C. Non-Exempt Continuing Connected Transactions – 1. Technical Services Agreement*”. However, all essential administrative functions (such as finance and accounting, administration and operations, human resources and compliance functions) will be carried out by the Group without requiring the support of the Controlling Shareholders.

(c) Financial Independence

Japfa has provided unsecured shareholders’ loans and a corporate guarantee in favour of the Group. As of the Latest Practicable Date, shareholders’ loans in the aggregate amount of approximately US\$25.5 million and a corporate guarantee in the amount of approximately [REDACTED] were outstanding. Prior to the Listing Date, the Company will capitalise all of the outstanding loans from Japfa in the aggregate amount of approximately [REDACTED] by way of the issue of new Shares to Japfa. See “*Financial Information – Indebtedness – Loans from a Shareholder*” for details. The corporate guarantee will be released on or before Listing Date.

The Group has sufficient funds to support its business operations, including cash flows generated from its operations, bank borrowings and, upon completion of the Japfa Distribution and the Global Offering, the net proceeds from the issue of the Offer Shares pursuant to the Global Offering. Save for the shareholders’ loans and the corporate guarantee referred to above which will be repaid or released on or prior to the Listing Date, the Controlling Shareholders and their close associates do not provide the Group with any direct or indirect financing for its operations, or any credit support (whether by way of guarantees or otherwise) in respect of any financing obtained by the Group from third party sources.

Accordingly, the Directors are of the view that the Group is able to operate financially independently from the Controlling Shareholders.

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(d) Independence of Directors and Management

The Board consists of eight Directors, comprising four Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. See “*Directors and Senior Management*” for further details.

The Executive Directors and the members of the senior management of the Group are responsible for the day-to-day operations of the Group’s business. Other than Mr. TAN Yong Nang (who is the chief executive officer and a director of Japfa, and a commissioner or inspector or certain Japfa Group entities) and Mr. Edgar Dowse COLLINS (who is Japfa’s nominee to the boards of GDS and other related entities and holds directorships or shareholding in certain companies owned or controlled by the Controlling Shareholders and their close associates), none of the other Directors or members of the senior management of the Group holds any directorships and/or other roles with any companies owned or controlled by the Controlling Shareholders and their close associates.

The Directors are of the view that the Board and the senior management of the Group are able to function independently of the Controlling Shareholders for the following reasons:

- (a) the Board consists of three Independent Non-Executive Directors who satisfy the independence requirements under the Listing Rules. None of the Independent Non- Executive Directors are related to the Controlling Shareholders or have any roles in or relationships with the Controlling Shareholders;
- (b) the Constitution of the Company (which will be effective on the Listing Date) requires each Director to observe the provisions of Section 156 of the Singapore Companies Act in relation to the disclosure of his/her interest in transactions or proposed transactions with the Company or of any office or property held by him/her which might create duties or interests in conflict with his/her duties or interests as a Director. The Constitution further provides that a Director shall not vote in respect of any transaction, contract or arrangement or any other proposal whatsoever in which he/she or any of his/her close associates has any personal material interest, directly or indirectly, except in certain prescribed circumstances, details of which are set out in “*Appendix IV – Summary of the Constitution of the Company, the Laws of Singapore and Takeover Code Matters*”. The provisions of the Constitution ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice with a view to ensuring that decisions are taken having regard to the best interests of the Company and the Shareholders (including the independent Shareholders) taken as a whole; and
- (c) following the Listing, the Board will be required to comply with the Listing Rules, including the provisions relating to corporate governance which require, among other things, that a Director shall not vote on any Board resolution any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest, nor shall he/she be counted in the quorum for the meeting.

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ONGOING CONTINUING CONNECTED TRANSACTIONS WITH ASSOCIATES OF THE CONTROLLING SHAREHOLDERS

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

CONTROLLING SHAREHOLDERS’ AND DIRECTORS’ INTEREST IN COMPETING BUSINESS

Save as disclosed above, none of the Controlling Shareholders and Directors is interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business as of the date of this prospectus.