

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF OB HOLDINGS BERHAD (“OB HOLDINGS” OR “COMPANY”) DATED 27 SEPTEMBER 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Alliance Islamic Bank Berhad (“**AIS**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, AIS and OB Holdings have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares will be accepted from **10:00 a.m.** on **27 September 2024** and will close at **5:00 p.m.** on **15 October 2024**. Any change to the timetable will be advertised by OB Holdings in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia, and will make the relevant announcement through Bursa Securities.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



OB HOLDINGS BERHAD

(Registration No. 202301020810 (1514732-P))
(Incorporated in Malaysia under the Companies Act 2016)

No. B-G-1, B-G-2 and B-G-3
Dataran Emerald, Jalan PS 11, Prima Selayang
68100 Batu Caves, Selangor

OBH

OB HOLDINGS BERHAD

PROSPECTUS

PROSPECTUS

THIS PROSPECTUS IS DATED
27 SEPTEMBER 2024



OB HOLDINGS BERHAD

(Registration No. 202301020810 (1514732-P))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“**IPO**”) IN CONJUNCTION WITH THE LISTING OF OB HOLDINGS BERHAD (“**OB HOLDINGS**” OR “**COMPANY**”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) COMPRISING PUBLIC ISSUE OF 120,000,000 NEW ORDINARY SHARES IN OB HOLDINGS (“**SHARES**”) IN THE FOLLOWING MANNER:

- (I) 19,582,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (II) 7,833,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- (III) 43,632,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- (IV) 48,953,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA;

AT AN IPO PRICE OF RM0.24 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Sole Underwriter and Placement Agent



INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 168.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES, AND THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA (“SC”) UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

RESPONSIBILITY STATEMENTS

Our Directors and Promoters (as defined in this Prospectus) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

Alliance Islamic Bank Berhad, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

STATEMENTS OF DISCLAIMER

Approval has been granted by Bursa Securities for the listing of and quotation for the securities being offered. Admission to the Official List of ACE Market of Bursa Securities is not to be taken as an indication of the merits of the offering, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our Company's part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Forms (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Shares listed on Bursa Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the Securities Commission Malaysia. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the Securities Commission Malaysia. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection herewith.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our IPO shares are issued in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subjected to the laws of any countries or jurisdictions other than Malaysia, to consult your professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus (as defined in this Prospectus) and the copy of this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined in this Prospectus) may be subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions or Participating Securities Firms (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions or Participating Securities Firms.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House (as defined in this Prospectus), a paper / printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus, which is identical to the copy of the Prospectus registered by Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites or for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions or Participating Securities Firms, you are advised that:

- (i) the Internet Participating Financial Institutions or Participating Securities Firms are liable in respect of the integrity of the contents of the electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms which may be viewed via your web browser or other relevant software;
- (ii) the Internet Participating Financial Institutions or Participating Securities Firms shall not be responsible in any way for the integrity of the contents of the electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the electronic Prospectus, the accuracy and reliability of the electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions or Participating Securities Firms shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions or Participating Securities Firms, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event(s)	Tentative Date(s)
Opening of the application period for our IPO	27 September 2024
Closing of the application period for our IPO	15 October 2024
Balloting of applications	18 October 2024
Allotment of our IPO Shares to successful applicants	25 October 2024
Listing on the ACE Market	29 October 2024

In the event there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia and will also announce it on Bursa Securities' website accordingly.

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DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

- Bonlife** : Bonlife (M) Sdn Bhd (Registration No. 200401034277 (672786-H))
- OB Holdings or Company** : OB Holdings Berhad (Registration No. 202301020810 (1514732-P))
- OB Holdings Group or Group** : Collectively, OB Holdings, Orient Biotech, Orient Laboratories and Bonlife
- Orient Biotech** : Orient Biotech Sdn Bhd (Registration No. 199501009523 (338722-D))
- Orient Laboratories** : Orient Laboratories Sdn Bhd (Registration No. 199901021159 (496059-M))

GENERAL

- ACE Market** : ACE Market of Bursa Securities
- Acquisition of Bonlife** : Acquisition by our Company of the entire issued share capital of Bonlife from ES Teoh and CT Wong for a total purchase consideration of RM1,816,100.00, which was entirely satisfied via the issuance of 18,161,000 new Shares at an issue price of RM0.10 each
- Acquisition of Orient Biotech** : Acquisition by our Company of the entire issued share capital of Orient Biotech from ES Teoh and CT Wong for a total purchase consideration of RM19,589,200.00, which was entirely satisfied via the issuance of 195,892,000 new Shares at an issue price of RM0.10 each
- Acquisition of Orient Laboratories** : Acquisition by our Company of the entire issued share capital of Orient Laboratories from ES Teoh and CT Wong for a total purchase consideration of RM5,757,300.00, which was entirely satisfied via the issuance of 57,573,000 new Shares at an issue price of RM0.10 each
- Acquisitions** : Collectively, the Acquisition of Orient Biotech, Acquisition of Orient Laboratories and Acquisition of Bonlife
- Act** : Companies Act 2016, including amendments from time to time and any re-enactment thereof
- ADA** : Authorised Depository Agent, a person appointed by Bursa Depository under the Rules of Bursa Depository
- AGM** : Annual General Meeting
- AIS or Principal Adviser or Sponsor or Sole Underwriter or Placement Agent** : Alliance Islamic Bank Berhad (Registration No. 200701018870 (776882-V))
- Application(s)** : The application(s) for our IPO Shares by way of Application Form, the Electronic Share Application and/or the Internet Share Application
- Application Form(s)** : The printed application form(s) for the Application(s) of our IPO Shares accompanying this Prospectus
- ATM** : Automated Teller Machine
- Board** : Board of Directors of OB Holdings

DEFINITIONS (CONT'D)

Bumiputera	: In the context of:
	(i) Individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;
	(ii) Companies, a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI:
	(a) registered under the Act as a private company;
	(b) its shareholders are 100.00% Bumiputera; and
	(c) its board of directors (including its staff) are at least 51.00% Bumiputera; and
	(iii) Cooperatives, a cooperative whose shareholders or cooperative members are at least 95.00% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CDS	: Central depository system
CDS Account(s)	: Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
CCC	: Certificate of completion and compliance
CF	: Certificate of fitness for occupation
CMSA	: Capital Markets and Services Act 2007, including any amendments from time to time and any re-enactment thereof
Constitution	: The constitution of OB Holdings
COVID-19	: An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CT Wong	: Wong Chung Theng, our Non-Independent Non-Executive Director, Promoter, Specified Shareholder and Substantial Shareholder
CTG	: CTG Adspert Sdn Bhd (Registration No. 202101015535 (1415835-X)). Effective from 1 July 2023, the arrangement with CTG Adspert Sdn Bhd is now replaced with Wisdom Factory Sdn Bhd (Registration No. 202101034949 (1435249-D)) which is controlled by common substantial shareholders and directors
Depositor	: A holder of a CDS Account
Director(s)	: Director(s) of our Company and within the meaning given in Section 2 of the CMSA
Dutch Dairy	: Dutch Dairy Products Sdn Bhd (Registration No. 200801030759 (832090-K))

DEFINITIONS (CONT'D)

Electronic Prospectus	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
Electronic Share Application	: An application for our IPO Shares through Participating Financial Institutions' ATM
Eligible Person(s)	: Collectively, our eligible Directors, employees and persons who have contributed to the success of our Group and are eligible to participate in the Pink Form Allocation
EPS	: Earnings per Share
ES Teoh	: Teoh Eng Sia, our Managing Director, Promoter, Specified Shareholder and Substantial Shareholder
F&B	: Food and beverages
FDA	: United States Food and Drug Administration
Financial Years Under Review	: Collectively, FYE 2021, 2022, 2023 and 2024
FYE	: Financial year ended / ending 31 May, as the case may be
Goodone	: Goodone Holding Sdn Bhd (Registration No. 202301030171 (1524094-P)), our Specified Shareholder and Substantial Shareholder
GMP	: Good Manufacturing Practice
Government	: Government of Malaysia
GP	: Gross profit
HACCP	: Hazard Analysis and Critical Control Points
HSMC	: Hulu Selangor Municipal Council
ICOF	: Islamic cost of fund
IMR Report	: The independent market research report on the fortified F&B and dietary supplements industry in Malaysia prepared by the IMR, as set out in Section 8 of this Prospectus
Internet Participating Financial Institution(s) or Participating Securities Firm(s)	: Participating financial institution(s) or Participating Securities Firm(s) for the Internet Share Application, as listed in Section 16 of this Prospectus
Internet Share Application	: Application for our IPO Shares under the Retail Offering through an online share application service provided by the Internet Participating Financial Institution(s) or Participating Securities Firm(s)
IPO	: Initial public offering of our IPO Shares in conjunction with the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities
IPO Price	: The price of RM0.24 per IPO Share

DEFINITIONS (CONT'D)

IPO Share(s)	: 120,000,000 new Shares, representing 30.64% of our enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
Issuing House and Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (113324-H))
JAIS	: Jabatan Agama Islam Selangor (Department of Islamic Religion Selangor)
JAKIM	: Jabatan Kemajuan Islam Malaysia (Department of Islamic Development Malaysia)
Key Senior Management	: Key senior management personnel of our Group comprising Faun Chee Yarn, Lew Yoke Chin, Lee Chee Keat, Lee Kok Onn, Pang Poh Lye and Yap Weng Fong
Listing	: The admission of OB Holdings to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital of RM55,963,600 comprising 391,627,000 OB Holdings Shares on the ACE Market of Bursa Securities
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
Listing Scheme	: Collectively, the Acquisitions, Public Issue, Share Transfer and Listing
LPD	: 30 August 2024, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	: Malaysian citizens and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	: Any day(s) on which Bursa Securities is open for trading of securities, which may include a Surprise Holiday
MCO	: The nationwide movement control order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
MFRS	: Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	: Ministry of Investment, Trade and Industry of Malaysia
MOH	: Ministry of Health
MyIPO	: Intellectual Property Corporation of Malaysia
N/A	: Not applicable
NA	: Net assets
NBV	: Net book value
NPRA	: National Pharmaceutical Regulatory Agency
OB Holdings Share(s) or Share(s)	: Ordinary shares in OB Holdings

DEFINITIONS (CONT'D)

Official List	:	A list specifying all securities which have been admitted for listing on the ACE Market and not removed
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application, as listed in Section 16 of this Prospectus
Participating Securities Firm (s)	:	Participating securities firm(s) for the Internet Share Application, as listed in Section 16 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pink Form Allocation	:	The allocation of 7,833,000 IPO Shares to the Eligible Persons
Placement Agreement	:	The placement agreement dated 3 September 2024 entered into between our Company and the Placement Agent
Prescribed Security	:	Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the SICDA and the Rules of Bursa Depository
Promoter(s)	:	Collectively, ES Teoh, CT Wong and Lee Bao Yu
Prospectus	:	This Prospectus dated 27 September 2024 in relation to the IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public issue of 120,000,000 new Shares at the IPO Price comprising: <ul style="list-style-type: none"> (i) 19,582,000 new Shares, representing 5.00% of our enlarged issued share capital, made available for application by the Malaysian Public; (ii) 7,833,000 new Shares, representing 2.00% of our enlarged issued share capital, made available for application by the Eligible Persons; (iii) 43,632,000 new Shares, representing 11.14% of our enlarged issued share capital, made available by way of private placement to selected investors; and (iv) 48,953,000 new Shares, representing 12.50% of our enlarged issued share capital, made available by way of private placement to selected Bumiputera investors approved by the MITI
QA	:	Quality assurance
QC	:	Quality control
R&D	:	Research and development
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia

DEFINITIONS (CONT'D)

Share Transfer	: Transfer by ES Teoh and CT Wong of an aggregate of 117,488,100 Shares (representing 30.00% equity interests in OB Holdings) to Goodone, an investment holding company held by ES Teoh and CT Wong, during the prescription period
SICDA	: Securities Industry (Central Depositories) Act 1991
SMC	: Selayang Municipal Council
Smith Zander or IMR	: SMITH ZANDER INTERNATIONAL SDN BHD (Registration No. 201301028298 (1058128-V)), our independent market researcher
Specified Shareholder(s)	: Collectively, ES Teoh, CT Wong, Goodone, Lee Bao Yu and Lim Nai Tiang
Surprise Holiday	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
Substantial Shareholders	: Collectively, ES Teoh, CT Wong and Goodone, who prior to the Listing each have an interest (direct and/or indirect) in our Shares which is not less than 5.00% of the total number of all the voting shares of our Company
Underwriting Agreement	: The underwriting agreement dated 3 September 2024 entered into between our Company and AIS pursuant to our IPO

CURRENCIES

AUD	: Australian Dollar
EUR	: Euro
RMB	: Renminbi
RM and sen	: Ringgit Malaysia and sen respectively
USD	: United States Dollar

UNITS

dL	: deciliter
mg	: milligram
mmHg	: millimetres of mercury
mmol/L	: millimoles per liter
sq. ft.	: square feet
sq. mt.	: square metres
%	: per centum

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of those terms:

Acacia gum	: An extraction from the stems and branches of Acacia Senegal. It is a water-soluble dietary fibre that is used as a source for fibre and as a food stabiliser. It is also known as gum arabic.
Amino acid	: Amino acids are small organic molecules that combine to form proteins.
Angelica	: A dried root of angelica sinensis in the <i>Umbelliferae</i> family. It is used in traditional medicine.
Antibiotics	: A medication for bacterial infections in which it destroys or slows down the growth of bacteria in the body.
Antrodia extract	: An extraction from Antrodia mushroom, a type of fungi in the <i>Fomitopsidaceae</i> family. It is used in traditional medicine. It is also known as 'Niu-Chang-Chih'.
Aquamin F	: A natural mineral source produced from calcareous marine algae.
Arachidonic acid	: A type of polyunsaturated omega-6 fatty acid that can be found in the brain, liver and muscles.
Arenga	: A type of palm and is used to produce sugar and ethanol from the harvested sap.
Astragalus membranaceus	: A type of herb in the <i>Fabaceae</i> family. It is used in traditional medicine. It is also known as 'Huang Qi' or 'Huangqi'.
Atractylodes macrocephala	: A type of root in the <i>Asteraceae</i> family. The root is used in traditional medicine. It is also known as 'Bai Zhu' or 'Bai Shu'.
Bifidobacterium	: A genus of gram-positive anaerobic bacteria.
Boswellia extract	: An extract from the resin of the Boswellia sacra tree. It is used in traditional medicine. It is also known as indian frankincense.
Burdock	: A type of plant in the <i>Asteraceae</i> family. It is used in traditional medicine. It is also known as 'Niu Bang' and its dried and matured fruit known as 'Niubangzhi'.
Cardiometabolic	: A term referring to chemical processes that affect the cardiovascular and metabolic system in the body. It comprises a combination of cardiovascular diseases and metabolic disorders such as insulin resistance, impaired glucose tolerance, metabolic syndrome and hypertension.
Chondroitin sulfate	: A chemical found in cartilages of humans and animals. It acts as a building block for cartilages.
Coenzyme Q10	: A nutrient that occurs naturally in the body. It acts as antioxidant, which protects cells from damage and modification of DNA (deoxyribonucleic acid, which is a molecule that carries genetic information for the development and functioning of an organism), carbohydrates, lipids and proteins.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Coenzymes	:	Organic molecules that bind to the active sites of certain enzymes to assist in the catalysis of a reaction.
Curcumin	:	A bright yellow chemical produced by plants of the <i>Curcuma longa</i> species. It is used in dietary supplements and traditional medicine.
Cynanchum wilfordii	:	A type of root in the <i>Asclepiadaceae</i> family. It is used in traditional medicine.
Diastolic blood pressure	:	The denominator or second number on a blood pressure monitor that measures the amount of blood pressure in the arteries while the heart is resting in between heart beats.
Docosahexaenoic acid (“DHA”)	:	A type of omega-3 long-chain polyunsaturated fatty acid that can be found in the brain and eyes.
Enzymes	:	Proteins that act as biological catalysts by accelerating chemical reactions in living organisms.
Epimedium brevicornum maxim	:	A type of plant in the <i>Berberidaceae</i> family. It is used in traditional medicine.
Eucommia	:	A type of tree in the <i>Eucommiaceae</i> family. It contains steroids, flavonoids and other chemical constituents. It is used in traditional medicine. It is also known as ‘Du Zhong’.
Fatty acids	:	Carboxylic acids with long aliphatic chains that can be saturated or unsaturated that can be broken down from fats by digestion.
Folic acid	:	A type of water-soluble vitamin that is naturally present in some food such as beans, citrus fruit and leafy green vegetables. It is also known as vitamin B9 or folate.
Ganoderma lucidum extract	:	An extraction from ‘Ling Zhi’ or ‘Reishi’ mushroom, a type of fungi in the <i>Ganodermataceae</i> family. It is used in traditional medicine.
Gastrointestinal	:	Passageway of the digestive system that includes the mouth, pharynx (throat), esophagus, stomach, small intestine, large intestine, rectum and anus.
Green chiretta	:	A type of herb in the <i>Acanthaceae</i> family. It is used in traditional medicine.
Guarana	:	A type of plant in the <i>Sapindaceae</i> family. It is used in traditional medicine. It is also known as ‘Paullinia cupana’.
Hyperglycaemia	:	A medical condition in which excessive amount of glucose circulates in the bloodstream.
Hyperlipidaemia	:	A medical condition in which abnormally high levels of fats (lipids) are present in the bloodstream.
Hypertension	:	A medical condition in which the blood pressure in the arteries is persistently high.
Inulin	:	A reserve carbohydrate found in plants such as chicory, dahlia bulb and onion.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Kombucha	:	A drink produced by fermenting sweet tea with a culture of yeast and bacteria.
Lactobacillus acidophilus	:	A type of good bacteria found in the intestines and are used as probiotics to promote the growth of good bacteria in the body.
L-ascorbic acid	:	A chemically active form of vitamin C, a type of water-soluble vitamin that is naturally present in some food such as citrus fruit.
Ligusticum	:	A type of plant in the <i>Umbelliferae</i> family. It is used in traditional medicine. It is also known as 'Chuan Xiong' or licorice root.
Liquorice	:	An extract from the root of a type of plant in the <i>Fabaceae</i> family. It is used in medicines and dietary supplements and used to give flavour to beverages.
Low-density lipoprotein ("LDL")	:	A type of lipoprotein (particles made of lipids and protein) that transports fat molecules throughout the bloodstream. It is also known as bad cholesterol as a high LDL level leads to a buildup of plaque in the arteries.
Lutein	:	A type of carotenoid, an antioxidant, that can be found in plants and in the eye.
L-Theanine	:	A type of nonproteinogenic amino acid found primarily in green and black tea and some mushrooms.
Maca	:	An Andean plant of the <i>Brassicaceae</i> family. It is used in traditional medicine. It is also known as Peruvian ginseng.
MAL	:	A unique number assigned by the NPRA for a registered pharmaceutical product and/or dietary supplement. For dietary supplements, the number certifies the quality and safety of the product according to the NPRA.
Maltodextrin	:	A type of carbohydrate derived from food starch and is used as a food additive.
Methylsulfonylmethane ("MSM")	:	A type of chemical found naturally in the human body and contains anti-inflammatory properties. It is also known as metabolite dimethyl sulfoxide.
Nucleotides	:	Nitrogen-containing substances that functions as the building block of nucleic acids (large biomolecules that play essential roles in cells and viruses which involves the storage and expression of genomic information), storage of chemical energy, carriers of activated metabolites for biosynthesis and metabolic regulators.
Ozonated water	:	Purified water that has been treated with ozone to remove contaminants.
Phlomis umbrosa	:	A type of plant in the <i>Lamiaceae</i> family. Its root is used in traditional medicine.
Prebiotic	:	Nondigestible food ingredients that stimulate the growth and activity of beneficial microorganisms in the colon.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Probiotic** : Live microorganisms that naturally live in the body and it functions to aid the digestive system.
- Sea buckthorn** : A type of berry in the *Elaeagnaceae* family. It is used in traditional medicine.
- Spirulina** : A type of algae in the *Spirulinaceae* family. It is often used as a dietary supplement.
- Systolic blood pressure** : The numerator or the first number on a blood pressure monitor that measures the amount of blood pressure in the arteries while the heart is beating.
- Ultraviolet (“UV”)** : A form of radiation with shorter wavelengths than visible light, with wavelengths ranging between about 10 to 400 nanometers.
- Xanthan gum** : A type of food additive used as thickener or stabiliser, consisting of glucose, mannose and glucuronic acid.

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PRESENTATION OF FINANCIAL

All references to “our Company” or “OB Holdings” in this Prospectus are to OB Holdings Berhad, while references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Directors and Key Senior Management as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia, and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or is exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Smith Zander, an independent market researcher. We have appointed Smith Zander to provide an independent market review. In compiling their data for the review, Smith Zander had relied on their research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Group's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies, trends and competitive position;
- (ii) our plans and objectives for future operations;
- (iii) our financial position;
- (iv) potential growth opportunities;
- (v) our future earnings, cash flow and liquidity;
- (vi) our ability to pay dividends; and
- (vii) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) interest rates, tax rates and exchange rates;
- (iv) the competitive environment in the industry in which we operate;
- (v) reliance on approvals, licences and permits;
- (vi) availability and fluctuations in prices of raw materials;
- (vii) fixed and contingent obligations and commitments; and
- (viii) any other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 of this Prospectus on "Risk Factors" and Section 12.3 of this Prospectus on "Management's Discussion and Analysis of Financial Conditions and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised.

FORWARD-LOOKING STATEMENTS (CONT'D)

These forward-looking statements are based on information available to us as at LPD and are made only as at LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the IPO Shares / transfer of the Offer Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Address	Nationality / Gender
Dato' Seri Abdul Puhat Bin Mat Nayan <i>(Independent Non-Executive Chairman)</i>	No. 55, Jalan Meru Suria 7 Taman Meru Suria 30020 Ipoh Perak Malaysia	Malaysian / Male
Teoh Eng Sia <i>(Managing Director)</i>	Idaman Hills, No. 32 Jalan Idaman 3 Taman Idaman Selayang 68100 Batu Caves Selangor Malaysia	Malaysian / Male
Lee Bao Yu <i>(Executive Director)</i>	No. 2, The Rafflesia Jalan PJU 8/12F Bandar Damansara Perdana 47820 Petaling Jaya Selangor Malaysia	Malaysian / Female
Wong Chung Theng <i>(Non-Independent Non-Executive Director)</i>	Idaman Hills, No. 32 Jalan Idaman 3 Taman Idaman Selayang 68100 Batu Caves Selangor Malaysia	Malaysian / Female
Dato' Haji Mohd Dusuki Bin Ya'acob <i>(Independent Non-Executive Director)</i>	No. 16, Jalan P8A/5, Presint 8 62250 Putrajaya W.P. Putrajaya Malaysia	Malaysian / Male
Vasu A/L Nallayan <i>(Independent Non-Executive Director)</i>	No. 25-04, Mont Kiara Damai Jalan Kiara 2, Mont Kiara 50480 Kuala Lumpur W.P. Kuala Lumpur Malaysia	Malaysian / Male
Ooi Gin Hui <i>(Independent Non-Executive Director)</i>	22, Jalan Durian 3 Taman Cheras 56100 Kuala Lumpur W.P. Kuala Lumpur Malaysia	Malaysian / Female

1. CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Ooi Gin Hui	Chairperson	Independent Non-Executive Director
Dato' Haji Mohd Dusuki Bin Ya'acob	Member	Independent Non-Executive Director
Vasu A/L Nallayan	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Haji Mohd Dusuki Bin Ya'acob	Chairperson	Independent Non-Executive Director
Ooi Gin Hui	Member	Independent Non-Executive Director
Vasu A/L Nallayan	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Vasu A/L Nallayan	Chairperson	Independent Non-Executive Director
Ooi Gin Hui	Member	Independent Non-Executive Director
Dato' Haji Mohd Dusuki Bin Ya'acob	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Cospec Management Services Sdn Bhd
(Registration No. 199301023725 (278463-H))
Third Floor, No. 73, 75, 77, 79 & 81,
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor, Malaysia
- Telephone No. : (03) 7725 1777
Facsimile No. : (03) 7722 3668
- Tea Sor Hua
SSM Practicing : 201908001272
Certificate No.
Professional : Malaysian Association of Company
Qualification Secretaries ("**MACS**")
(Membership No.: MACS 01324)
- Lee Siew Fun
SSM Practicing : 202008000735
Certificate No.
Professional : Malaysian Institute of Chartered Secretaries
Qualification and Administrators ("**MAICSA**")
(Membership No.: MAICSA 7063623)
- REGISTERED OFFICE** : Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor, Malaysia
- Telephone No. : (03) 7725 1777
Facsimile No. : (03) 7722 3668
Email : cms_cospec@yahoo.com
- HEAD OFFICE** : No. B-G-1, B-G-2 and B-G-3
Dataran Emerald, Jalan PS 11
Prima Selayang
68100 Batu Caves
Selangor, Malaysia
- Telephone No. : (03) 6127 8006
Email : sales@orient.com.my
enquiry@orient.com.my
Website : www.orient.com.my
www.bonlife.com.my
- PRINCIPAL SPONSOR,
UNDERWRITER
PLACEMENT AGENT** **ADVISER,
SOLE
AND** : Alliance Islamic Bank Berhad
(Registration No. 200701018870 (776882-V))
Level 3, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- Telephone No. : (03) 2604 3333

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS : Grant Thornton Malaysia PLT
(201906003682 & LLP0022494-LCA)
Chartered Accountants (AF 0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone No. : (03) 2692 4022 (Ext. 804)
Partner-in-charge : Foo Lee Meng
Approval No. : 03069/07/2025(J)
Professional : Fellow Member of Association of Chartered
Qualification : Certified Accountants, The Malaysian Institute
of Certified Public Accountants, Chartered
Accountant Malaysia

SOLICITORS FOR THE LISTING : Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor, Malaysia

Telephone No. : (03) 7956 8686
Partner-in-charge : Adrian Koh Yeow York

INDEPENDENT MARKET RESEARCHER : SMITH ZANDER INTERNATIONAL SDN BHD
(Registration No. 201301028298 (1058128-V))
15-01, Level 15, Menara MBR
1, Jalan Syed Putra
58000 Kuala Lumpur

Telephone No. : (03) 2732 7537
Managing Partner : Dennis Tan Tze Wen
Qualification : Bachelor of Science
Memorial University of Newfoundland,
Canada

(Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner)

ISSUING HOUSE AND SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone No. : (03) 2783 9299

LISTING SOUGHT : ACE Market of Bursa Securities

SHARIAH STATUS : Approved by the SAC

2. APPROVALS AND CONDITIONS

2.1 APPROVALS FROM RELEVANT AUTHORITIES

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 7 March 2024, approved the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising 391,627,000 Shares on the ACE Market of Bursa Securities (“**Approval Letter**”). The approval from Bursa Securities is subject to the following conditions:

Details of conditions imposed	Status of compliance
<p>1. Submission of the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository:</p> <p>(i) Name of shareholders;</p> <p>(ii) Number of shares; and</p> <p>(iii) Date of expiry of the moratorium for each block of shares;</p>	<p>To be complied upon Listing.</p>
<p>2. Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;</p>	<p>Complied.</p>
<p>3. Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;</p>	<p>Complied.</p>
<p>4. Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements;</p>	<p>To be complied upon Listing.</p>
<p>5. Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of OB Holdings on the first day of Listing;</p>	<p>To be complied upon Listing.</p>
<p>6. In relation to the public offering to be undertaken by OB Holdings, to announce at least 2 Market Days prior to the Listing date, the result of the offering including the following:</p> <p>(i) Level of subscription of public balloting and placement;</p> <p>(ii) Basis of allotment/allocation;</p> <p>(iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and</p> <p>(iv) Disclosure of placees who become substantial shareholders of OB Holdings arising from the public offering, if any.</p> <p>AIS to ensure that the overall distribution of OB Holdings’ securities is properly carried out to mitigate any disorderly trading in the secondary market; and</p>	<p>To be complied prior to Listing.</p>
<p>7. OB Holdings/AIS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval upon the admission of OB Holdings to the Official List of the ACE Market.</p>	<p>To be complied upon Listing.</p>

2. APPROVALS AND CONDITIONS (CONT'D)

On 5 August 2024, Bursa Securities had granted us an extension of time up to 31 October 2024 to complete our Listing.

2.1.2 SC

Our IPO is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 13 March 2024, approved the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to our Company allocating Shares equivalent to 12.50% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by MITI. In addition, our Company is to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.

The effects of our Listing on the equity structure of our Group are as follows:

Category of shareholders	As at 15 September 2023 ⁽¹⁾		After our Listing	
	No. of Shares	% of number of issued Shares	No. of Shares	% of enlarged number of issued Shares
Bumiputera				
Bumiputera investors to be approved by the MITI	-	-	48,953,000 ⁽²⁾	12.50%
Bumiputera public investors via balloting	-	-	9,791,000 ⁽²⁾	2.50%
Total Bumiputera	-	-	58,744,000	15.00%
Non-Bumiputera	1,000	100.00%	332,883,000	85.00%
Malaysians	1,000	100.00%	391,627,000	100.00%
Foreigners	-	-	-	-
Total	1,000	100.00%	391,627,000	100.00%

Notes:

- (1) Being the latest practicable date, prior to the submission of our Listing to Bursa Securities.
- (2) Based on the assumption that the Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting are fully subscribed.

2.1.3 MITI

The MITI had, vide its letter dated 20 November 2023, taken note of and has no objection to our Listing.

2.1.4 SAC

The SAC had, on 13 September 2024, classified our Shares as Shariah-compliant based on our latest audited combined financial statements for FYE 2024.

2. APPROVALS AND CONDITIONS (CONT'D)

2.2 MORATORIUM ON SALE OF SHARES

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders as follows:

- (i) the moratorium applies to our Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the Official List ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**"); and
- (iii) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of their Shares held under moratorium.

The Shares of the following Specified Shareholders which will be subject to the moratorium are as follows:

Specified Shareholders	Year 1 after Listing				Year 2 after Listing		Year 3 after Listing	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
	No. of Shares	% of Shares ⁽¹⁾	No. of Shares	% of Shares ⁽¹⁾	No. of Shares	% of Shares ⁽¹⁾	No. of Shares	% of Shares ⁽¹⁾
ES Teoh	77,069,450	19.68	50,002,816	12.77	33,335,211	8.51	16,667,605	4.26
CT Wong	77,069,450	19.68	50,002,816	12.77	33,335,211	8.51	16,667,605	4.26
Goodone	117,488,100	30.00	76,226,518	19.46	50,817,678	12.98	25,408,840	6.48
Lee Bao Yu ⁽²⁾	1,044,000	0.27	-	-	-	-	-	-
Lim Nai Tiang ⁽³⁾	253,000	0.06	-	-	-	-	-	-
Total	272,924,000	69.69	176,232,150	45.00	117,488,100	30.00	58,744,050	15.00

2. APPROVALS AND CONDITIONS (CONT'D)

Notes:

- (1) Based on our enlarged issued share capital of 391,627,000 Shares after our IPO.
- (2) Lee Bao Yu is the Director of our Group and daughter-in-law of ES Teoh and CT Wong.
- (3) Lim Nai Tiang is an employee of our Group and sister-in-law of ES Teoh.

Our Specified Shareholders above have furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period. In addition, the shareholders of Goodone, namely ES Teoh and CT Wong have furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their shareholdings in Goodone during the moratorium period.

The moratorium, which is fully accepted by our Specified Shareholders above, is specifically endorsed on our share certificates representing their shareholdings, which is under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

3.1 PRINCIPAL DETAILS OF OUR IPO

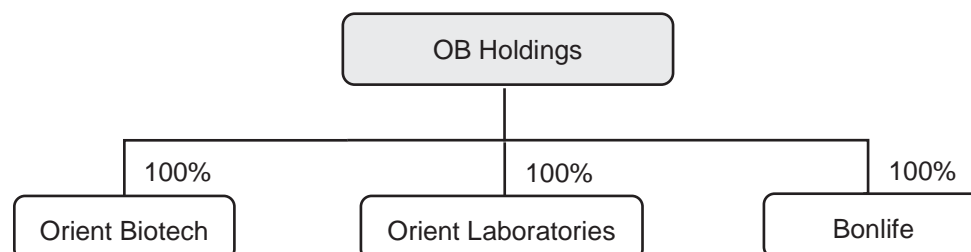
The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Number of Shares to be issued under the Public Issue	120,000,000
- <i>Malaysian Public</i>	19,582,000
- <i>Eligible Persons</i>	7,833,000
- <i>Private placement to selected investors</i>	43,632,000
- <i>Private placement to selected Bumiputera investors approved by the MITI</i>	48,953,000
Enlarged issued share capital upon Listing	RM55,963,600 comprising 391,627,000 Shares
IPO Price	RM0.24
Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after our IPO)	RM93,990,480

Our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Specified Shareholders' shareholdings amounting to 45.00% of our total number of IPO Shares (adjusted for any bonus issue or subdivision of shares) will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3rd per year (on a straight line basis) of their Shares held under moratorium upon expiry of second 6-month period. Further details on moratorium on our Shares and our IPO are set out in Sections 2.2 and 4.1 of this Prospectus, respectively.

3.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

Our Company was incorporated in Malaysia under the Act as a private limited company on 1 June 2023 under the name of OB Holdings Sdn Bhd. Our company was converted to a public limited company on 21 August 2023. Our Company is principally an investment holding Company. Our Group's current corporate structure is illustrated below:



3. PROSPECTUS SUMMARY (CONT'D)

The principal activities of our subsidiaries are as follows:

Company name	Place of incorporation	Principal activities
Orient Biotech	Malaysia	Provision of manufacturing services of fortified F&B to third party brand owners; manufacturing of fortified F&B under its house brands; as well as trading of related products
Orient Laboratories	Malaysia	Product development and research and development for fortified F&B and dietary supplements; provision of manufacturing services of dietary supplements to third party brand owners; manufacturing of dietary supplements under its house brands; as well as packing of related products
Bonlife	Malaysia	Sales and marketing of fortified F&B and dietary supplements under its house brands

We are principally involved in the provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners; as well as the manufacturing, sales and marketing of fortified F&B and dietary supplements under our house brands, namely *Bonlife*, *GoHerb*, *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez*, *Beyoute*, *Zen Youte* and *Zenliv*. Further, we are also involved in the provision of contract packing services of milk powder, tea leaves, honey, herb powder, fruit powder and liquid chlorophyll into retail packaging sizes, and trading of milk powder and other activities. A summary of our business model is set out below:

Principal Activities	Provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners ⁽¹⁾	Manufacturing, sales and marketing of fortified F&B and dietary supplements under our house brands	Trading and other activities ⁽²⁾
Products	Fortified F & B <ul style="list-style-type: none"> Fruit-based products Milk-based products Vegetable-based beverages mix Probiotic-based beverages mix Coffee-based beverages mix Oat-based beverages mix Herb-based products Collagen-based products Soy-based beverages mix Tea-based beverages mix Dietary supplements <ul style="list-style-type: none"> Botanical-based products Nutraceutical-based products 	House Brands (Fortified F & B and Dietary Supplements) 	Milk Powder
Suppliers	<ul style="list-style-type: none"> Raw material cultivators, producers and suppliers Food ingredient producers and suppliers Printing and packaging manufacturers and suppliers 		Milk powder producers and suppliers
Distribution Channel	Third party brand owners	Distributors, chain retailers, online store retailers, e-commerce platforms (i.e. directly to consumers), marketing agents	Direct sales (i.e. manufacturers and distributors)
Principal Place of Business	Head office: Selayang, Selangor Selayang Factory: Selayang, Selangor Rented Serendah Factory: Serendah, Selangor		

Notes:

- (1) Including the contract packing services of milk powder, tea leaves, honey, herb powder, fruit powder and liquid chlorophyll into retail packaging sizes which contributed RM2.90 million, RM3.61 million, RM1.27 million and RM0.81 million, respectively, to our Group's revenue during the Financial Years Under Review.
- (2) Besides our principal business activities, we also undertake other activities such as laboratory tests services, freight services, as well as the sales of raw materials which are surplus materials from our manufacturing activities, packaging materials, pallets and face masks on ad hoc basis.

3. PROSPECTUS SUMMARY (CONT'D)

(i) Provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners

We provide end-to-end manufacturing services of fortified F&B and dietary supplements to third party brand owners comprising product development, product registration, sourcing of supplies, manufacturing and packing, and delivery.

(ii) Manufacturing, sales and marketing of fortified F&B and dietary supplements under our house brands

We leverage on our in-house product development and manufacturing capabilities to develop and manufacture fortified F&B and dietary supplements under our house brands, namely *Bonlife*, *GoHerb*, *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez*, *Beyoute*, *Zen Youte* and *Zenliv*. The marketing of *Bonlife*, *Sleepin' Beaute*, *Zen Night*, *Beyoute* and *Zen Youte* products are carried out by our in-house sales and marketing team, whereas the marketing of *GoHerb*, *EZ:Nitez* and *Zenliv* are carried out by our marketing agents.

(iii) Trading of milk powder and other activities

We are involved in the trading of milk powder. The milk powder traded by our Group are surplus raw materials from our manufacturing activities in which the milk powder is purchased from our milk powder producers and suppliers. The milk powder is sold in bulk quantity to manufacturers and distributors.

Besides our principal business activities, we also undertake other activities such as laboratory tests services, freight services, as well as the sales of raw materials which are surplus materials from our manufacturing activities, packaging materials, pallets and face masks on ad hoc basis.

Further details on our Group's business operations are set out in Section 7 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our Group's competitive strengths are set out below:

(i) Our industry experience and expertise in the industry enable us to provide customised formulations of fortified F&B and dietary supplements to suit the needs of our customers

Having been in the industry for 29 years, we have gained extensive experience in the formulation and manufacturing of fortified F&B and dietary supplements. Our ability to provide fully customisable manufacturing services to our customers is supported by our in-house capability in product development to develop products that fulfils the needs of consumers of various demographic profiles and lifestyles such as children, women, health-conscious individuals, and the elderly. In addition, we conduct internal market research to keep abreast with latest market trends, consumer preferences and updates on manufacturing technology. Through the internal market research, we will identify popular products in the market, including the pricing range, content of active ingredients, selling points and packaging sizes of the products.

(ii) We provide end-to-end solutions to customers from development of product formulations to manufacturing as well as a wide range of product offerings

Our Group provides end-to-end solutions to customers for the manufacturing of fortified F&B and dietary supplements, where we are able to support our customers throughout the entire process from product development to the manufacturing of fortified F&B and dietary supplements. Hence, it provides convenience and enhances efficiency as customers do not need to source for multiple suppliers to manufacture and deliver their products. In addition, we are also able to offer a wide range of product offerings to our customers, as we have the ability to manufacture products in a variety of forms.

3. PROSPECTUS SUMMARY (CONT'D)

(iii) **We have developed a multi-channel distribution platform and a portfolio of customers with longstanding business relationships**

For our manufacturing services, we secure new customers through direct contact with potential customers, referrals from our existing customers and social media platforms such as Facebook, where we engage with potential customers to propose our manufacturing capabilities. For our *Bonlife* products, we have established a network of sales and distribution channels comprising chain retailers and online store retailers, a sole distributor for onward distribution to other independent retailers in Malaysia. We also carry out direct sales to consumers through e-commerce platforms to market our *Bonlife*, *Zen Night*, *Sleepin' Beaute*, *Beyoute* and *Zen Youte* products. Further, we have appointed third party marketing agents for the distribution of our other house brands, namely *GoHerb*, *EZ:Nitez* and *Zenliv*. The strategy of using different distribution channels enable us to expand our market coverage in targeting the mass market without the need for significant investments in sales and marketing activities. Hence, through our various distribution platforms, we are able to reach out to a diversified customer base, thereby mitigating concentration risks when it comes to generating revenue.

(iv) **We are accredited with various certifications as a testament of our manufacturing compliance to food quality and safety standards**

Over the years of our business operations, we have received several certifications which attest to the manufacturing standards and product compliance of our fortified F&B and dietary supplements. Our Group places strong emphasis on the quality and safety of products manufactured in our factory. The certificates and accreditations which we have received would provide confidence to our customers that our manufacturing services are compliant with internationally recognised standards. In turn, this enhances our market reputation in the provision of manufacturing services of fortified F&B and dietary supplements. Please refer to Section 7.9 of this Prospectus for further details on the certifications obtained by our Group such as ISO 9001:2015 Quality Management System certification, FDA certification, HACCP System certification, NASAA Certified Organic certification, Halal certification, and Certificate of Registration for Food Premises.

(v) **We have an experienced and hands-on management team**

Our Group is led by an experienced and technically skilled management team that has strong industry and functional expertise as a result of years of experience in their respective fields.

Further details on our Group's competitive strengths are set out in Section 7.13 of this Prospectus.

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

Our Group's business strategies and future plans are set out below:

(i) **We intend to construct our New Serendah Factory to improve manufacturing efficiency and to cater for increasing demand in anticipation of future expansion**

Due to the layout of the existing building of our Selayang Factory, our machines are not aligned in the most efficient manner and the space is limited for our workers to carry out the manual work which results in inefficient use of time and manpower. We intend to construct our New Serendah Factory to customise the layout of our manufacturing area to optimise the configuration of our machinery (existing machines and new machines to be purchased), as well as to invest in new machinery and equipment in order to enhance our manufacturing workflow and efficiency whereby we are able to automate certain workflows such as installing connecting pipes from one machine to another to transfer intermediate products given the larger space, thus replacing manual labour to transfer intermediate products. This will allow our manufacturing workflow to be more linear and continuous as compared to our current manufacturing workflow. Upon completion of our New Serendah Factory, we shall relocate and operate from our New Serendah Factory to focus on the manufacturing activities of fortified F&B while our Selayang Factory will focus on the manufacturing of dietary supplements. This mitigates time and manpower inefficiencies for manufacturing of dietary supplements in Selayang Factory. Hence, we expect to achieve improved manufacturing efficiency, as well as to cater for future business expansion.

3. PROSPECTUS SUMMARY (CONT'D)

(ii) We intend to purchase new machines in line with our future expansion plan

Upon the completion of our New Serendah Factory, we intend to purchase new machines to cater for our Group's planned expansion of manufacturing capacity. The new machines that we intend to purchase for our New Serendah Factory include multilane sachet packing machine, freeze dry machines, extraction and concentration machine, stability chamber, and supercritical carbon dioxide extraction machine, while the new machine to be purchased for the manufacturing of dietary supplements in our Selayang Factory is gelatin loading tank (softgel equipment).

(iii) We intend to set up a new laboratory for product development activities in our New Serendah Factory and undertake a clinical trial on our house brand product

We intend to set up a new laboratory in our New Serendah Factory to expand our product development activities and to expand our in-house culturing of probiotics strains. To support the new laboratory, we intend to purchase new laboratory equipment. Further, our Group has undertaken a new clinical trial for our house brand product, namely Bonlife SachaQ10 Plus Softgel through a research collaboration with Usains Infotech Sdn Bhd (a subsidiary of Usains Holding Sdn Bhd, the commercial arm of Universiti Sains Malaysia). The new clinical trial is carried out to research on the fundamental characterisation and functional verification of a new sachet inchi oil-coenzyme Q10 formulation for *Bonlife*. Based on the terms of the contract research agreement, the research will be carried out for a period of 30 months commencing from 1 November 2023. However, the actual commencement of the clinical trial only began in June 2024. In selecting a product to undergo a clinical trial, we will take into consideration the marketability of a particular product, market claims on the efficacy of the product, and whether there are any similar clinical trials being carried out by other industry players in the market. It is not an industry practice to carry out clinical trial before commercialisation due to high cost, however, an industry player may carry out clinical trial to provide more information and confidence to consumers on the fundamental characterisation and functional verification of a particular product. Further details on our Group's business strategies and future plans are set out in Section 7.14 of this Prospectus.

3.5 RISK FACTORS

The following are the key risks and investment considerations that we are currently facing or that may develop in the future:

(i) Our business' reputation, market competitiveness and financial performance may be adversely affected by the sales of counterfeit products

The sale of counterfeit products may negatively affect our business' reputation, market competitiveness and financial performance as counterfeit products can undermine the trust and credibility that we have developed with our customers. If our customers had unknowingly purchased counterfeit products and experience negative experience due to the poor quality of products, we may lose our customers' faith and loyalty to our products and the public may develop negative perception towards our brands and products.

(ii) Our business is dependent on necessary licences, approvals and permits

Our business is subject to various laws, rules and regulations. If we are unable to comply with all regulations or conditions of our licences, approvals and permits, such licences, approvals and permits may be suspended or revoked and this will negatively affect our business operations. There is no assurance that the introduction of new laws or any changes to these legislations or other future regulatory developments will not have a material adverse effect on maintenance or renewal of licences, approvals and permits. Any failure to maintain or renew our major licences, permits and approvals in the future could materially and adversely affect our business operations and financial performance.

3. PROSPECTUS SUMMARY (CONT'D)

(iii) **Our success depends on our key personnel and our ability to attract and retain skilled personnel**

Our continued success and growth are largely dependent on the abilities, skills, experience, competency and continuous efforts of our Managing Director, Executive Director and Key Senior Management. Any significant or sudden loss of the services of our Managing Director, Executive Director, and/or Key Senior Management without suitable and timely replacement may have an adverse and material impact on our Group's business operations and may eventually affect our ability to maintain and/or improve our business performance.

(iv) **Our Group may be liable for our marketing agents' actions and conduct in marketing our house brand products**

Our Group engages with third party marketing agents to market our house brand products, namely *GoHerb*, *EZ:Nitez* and *Zenliv*. There is no assurance that our third party marketing agents will be able to maintain their quality of services and contribute sales to our Group consistently. Should our third party marketing agents fail to uphold their quality of services, it may reflect negatively on our brand, thus resulting in negative perception among customers towards our brand as well as the loss of existing customers.

(v) **Our Group is exposed to foreign exchange fluctuation risks which may impact our profitability**

Our Group is exposed to foreign exchange fluctuation risks, particularly for our purchases. For the Financial Years Under Review, our purchases from overseas collectively contributed 41.74%, 38.03%, 27.62% and 40.36% to our Group's total purchases, while the remaining 58.26%, 61.97%, 72.38% and 59.64% are contributed from local purchases.

To a certain extent, we enter into foreign exchange forward contracts with banking institutions to potentially lock in the exchange rates of USD, EUR, RMB and AUD for payments to our suppliers. As at LPD, our Group does not have any outstanding foreign exchange contracts. Notwithstanding that, our purchases are subject to foreign exchange fluctuation risks as a depreciation of the RM against any other currency will lead to higher costs of supplies incurred by our Group. In the event that we are unable to pass the increase in cost to our customers, our financial performance may be adversely affected due to the higher cost of sales.

Further details and the full list of risk factors which should be considered before investing in our Shares are set out in Section 9 of this Prospectus.

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

Name	Designation
<u>Directors</u>	
Dato' Seri Abdul Puhat Bin Mat Nayan	Independent Non-Executive Chairman
ES Teoh	Managing Director
Lee Bao Yu	Executive Director
CT Wong	Non-Independent Non-Executive Director
Dato' Haji Mohd Dusuki Bin Ya'acob	Independent Non-Executive Director
Vasu A/L Nallayan	Independent Non-Executive Director
Ooi Gin Hui	Independent Non-Executive Director
<u>Key Senior Management</u>	
Faun Chee Yarn	Financial Controller
Lew Yoke Chin	General Manager
Lee Chee Keat	R&D Manager
Lee Kok Onn	Factory Manager
Pang Poh Lye	Legal Manager
Yap Weng Fong	Production Manager

Further details on our Directors and Key Senior Management are set out in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and/or Substantial Shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality / Country of Incorporation	Before our IPO / As at LPD ⁽¹⁾				After our IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial Shareholders									
ES Teoh	Malaysian	135,813,500	50.00	135,813,500	50.00 ⁽³⁾	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾
CT Wong	Malaysian	135,813,500	50.00	135,813,500	50.00 ⁽³⁾	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾
Promoter									
Lee Bao Yu	Malaysian	-	-	-	-	1,044,000	0.27	-	-
Substantial Shareholder									
Goodone ⁽⁵⁾	Malaysia	-	-	-	-	117,488,100	30.00	-	-

Notes:

(1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.

(2) Based on our enlarged issued share capital of 391,627,000 Shares after our IPO.

(3) Deemed interested by virtue of his/her spouse's direct shareholdings in our Company.

(4) Deemed interested by virtue of their shareholdings in Goodone pursuant to Section 8 of the Act.

(5) Goodone's shareholders are ES Teoh and CT Wong and their respective direct shareholdings in Goodone are 50.00% each.

Further details on our Promoters and Substantial Shareholders and their shareholdings in our Company as well as moratorium imposed on their Shares are set out in Sections 5.1 and 2.2 of this Prospectus, respectively.

3. PROSPECTUS SUMMARY (CONT'D)**3.8 USE OF PROCEEDS**

Based on the IPO Price of RM0.24, the total gross proceeds of RM28.80 million from our Public Issue will be utilised by our Group in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from our Listing date)
(a) Business expansion:			
- Repayment of bank borrowings	14,900	51.74	Within 36 months
- Purchase of machines	5,000	17.36	Within 36 months
- Product development expenditure	900	3.12	Within 36 months
(b) Marketing and advertisement	1,000	3.47	Within 24 months
(c) Working capital	3,000	10.42	Within 24 months
(d) Estimated listing expenses	4,000	13.89	Within 3 months
Total	28,800	100.00	

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. Further details on the use of proceeds are set out in Section 4.4 of this Prospectus. The financial impact of the use of proceeds from our Public Issue is illustrated in our Pro Forma Combined Statements of Financial Position as at 31 May 2024 are set out in Section 13 of this Prospectus.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out a summary of our Group's audited combined financial statements for the Financial Years Under Review:

	Audited			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Revenue	29,719	43,558	46,449	50,886
Cost of sales	(17,767)	(25,288)	(27,479)	(29,168)
GP	11,952	18,270	18,970	21,718
Other income	638	228	5,519 ⁽¹⁾	107
PBT	6,445	10,784	12,251	7,941
PAT	4,711	8,224	9,572	5,500
Adjusted PBT	-	-	9,266 ⁽²⁾	8,695 ⁽³⁾
Adjusted PAT	-	-	6,587 ⁽²⁾	6,254 ⁽³⁾
Total assets	30,551	52,690	44,947	52,474
Total equity	20,097	27,121	26,804	32,305
Total liabilities	10,454	25,569	18,143	20,169

3. PROSPECTUS SUMMARY (CONT'D)

The key financial ratios of our Group are as follows:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
GP margin (%) ⁽⁴⁾	40.22	41.94	40.84	42.68
PBT margin (%) ⁽⁵⁾	21.69	24.76	26.38	15.61
PAT margin (%) ⁽⁶⁾	15.85	18.88	20.61	10.81
Adjusted PBT margin (%)	-	-	19.95	17.09
Adjusted PAT margin (%)	-	-	14.18	12.29
Effective tax rate (%) ⁽⁷⁾	26.90	23.74	21.87	30.74
Average trade receivables turnover period (days) ⁽⁸⁾	57	43	34	47
Average trade payables turnover period (days) ⁽⁹⁾	41	50	41	36
Average inventories turnover period (days) ⁽¹⁰⁾	141	164	190	176
Current ratio (times) ⁽¹¹⁾	2.00	1.02	3.46	3.08
Gearing ratio (times) ⁽¹²⁾	0.28	0.19	0.53	0.43

Notes:

- (1) Other income includes one-off net gain from the disposal of investment properties of RM4.11 million and a right-of-use asset of RM0.63 million, respectively.
- (2) After adjusted for the expenses incurred for our Listing of RM1.08 million, the one-off net gain from the disposal of investment properties and a right-of-use asset of RM4.11 million and RM0.63 million, respectively, and the other expenses related to the said disposals of RM0.68 million.
- (3) After adjusted for the expenses incurred for our Listing of RM0.72 million and under accrual of real property gains tax related to an investment property disposed of in FYE 2023 of RM0.03 million.
- (4) GP margin is calculated based on GP divided by revenue.
- (5) PBT margin is calculated based on PBT divided by revenue.
- (6) PAT margin is calculated based on PAT divided by revenue.
- (7) Effective tax rate is calculated based on income tax expense divided by PBT.
- (8) Computed based on average trade receivables which was derived based on the average sum of the opening balances and closing balances of trade receivables net of impairment loss of the respective financial years over the revenue of the respective financial year, multiplied by 365 days.
- (9) Computed based on average trade payables which was derived based on the average sum of the opening balances and closing balances of trade payables of the respective financial years over the cost of materials consumed of the respective financial year, multiplied by 365 days.
- (10) Computed based on average inventories which was derived based on the average sum of the opening balances and closing balances of inventories of the respective financial years over the cost of materials consumed of the respective financial year, multiplied by 365 days.
- (11) Computed based on current assets divided by current liabilities.
- (12) Computed based on total borrowings divided by total equity.

Further details on our Group's historical financial information are set out in Section 12 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

The following table sets out a summary of our Group's revenue segmented by principal activities for the Financial Years Under Review:

Revenue by principal activities	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of manufacturing services ⁽¹⁾	22,488	75.67	32,871	75.46	34,776	74.87	31,739	62.37
Sales of house brands' products	4,089	13.76	7,644	17.55	8,698	18.73	12,143	23.86
Trading of milk powder and other activities ⁽²⁾	3,142	10.57	3,043	6.99	2,975	6.40	7,004	13.77
Total revenue	29,719	100.00	43,558	100.00	46,449	100.00	50,886	100.00

Notes:

- (1) The provision of manufacturing services includes the manufacturing of fortified F&B for pets for our customers in Malaysia, which contributed 0.79%, 2.30%, 2.51% and nil to our Group's revenue for the Financial Years Under Review, respectively. On 1 June 2023, we had ceased the manufacturing of fortified F&B for pets as part of our Group's strategy to focus on the core business activities, i.e. the manufacturing of fortified F&B and dietary supplements for human consumption.
- (2) The trading of milk powder contributed 91.18%, 94.68%, 91.09% and 90.06% to our Group's trading of milk powder and other activities segment for the Financial Years Under Review. Our Group also undertakes other activities such as laboratory tests services, freight services, as well as the sales of raw materials which are surplus from our manufacturing activities, packaging materials, pallets and face masks on ad hoc basis, which contributed the remaining 8.82%, 5.32%, 8.91% and 9.94%.

For the Financial Years Under Review, our top 5 major customers contributed to 63.84%, 66.48%, 58.11% and 43.36% of our Group's revenue, respectively; whereas our top 5 major suppliers contributed 58.22%, 56.06%, 35.95% and 46.77% of our Group's total purchases, respectively. Further details on our Group's major customers and major suppliers are set out in Sections 7.18 and 7.19 of this Prospectus.

3.10 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distributions are subject to the discretion of our Board. Our Group's ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profit and excess funds, which are not required to be retained to fund our business.

As at LPD, our Company has no intention to declare further dividends prior to our Listing. The dividends declared and paid for the Financial Years Under Review up to the LPD are set out below:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1 June 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	4,350	1,200	9,890	-	-
Dividends paid	4,350	1,200	9,890	-	-
PAT	4,711	8,224	9,572	5,500	N/A
Dividend payout rate (%)	92.34	14.59	103.32	N/A	N/A

Further details on our Group's dividend policy are set out in Section 12.8 of this Prospectus.

4. DETAILS OF OUR IPO

4.1 DETAILS OF OUR IPO

Our Listing Scheme in conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities involves the following:

- (i) Acquisitions;
- (ii) Public Issue;
- (iii) Share Transfer; and
- (iv) Listing.

4.1.1 Acquisitions

Our Company entered into 3 share sale agreements dated 18 August 2023 and 3 supplemental letter agreements dated 17 May 2024 with ES Teoh and CT Wong, to acquire the entire issued share capital of Bonlife, Orient Biotech and Orient Laboratories for an aggregate purchase consideration of RM27,162,600.00 to be satisfied via the issuance of 271,626,000 new Shares at RM0.10 per Share.

(i) Acquisition of Bonlife

The acquisition of Bonlife entails the acquisition by our Company of the entire issued share capital of Bonlife of RM100,000.00 comprising 100,000 ordinary shares from ES Teoh and CT Wong for a purchase consideration of RM1,816,100.00. The said purchase consideration was satisfied entirely via the issuance of 18,161,000 new Shares to ES Teoh and CT Wong at an issue price of RM0.10 per Share, as follows:

Vendors	No. of Bonlife shares acquired	Shareholdings held in Bonlife (%)	Purchase consideration (RM)	No. of Shares issued
ES Teoh	50,000	50.00	908,050.00	9,080,500
CT Wong	50,000	50.00	908,050.00	9,080,500
Total	100,000	100.00	1,816,100.00	18,161,000

The purchase consideration of RM1,816,100.00 was arrived at on a willing-buyer willing-seller basis and after taking into account the audited NA of Bonlife as at 31 May 2023 of RM1,816,154.00. The acquisition of Bonlife was completed on 21 June 2024 and Bonlife became a wholly-owned subsidiary of our Company.

(ii) Acquisition of Orient Biotech

The acquisition of Orient Biotech entails the acquisition by our Company of the entire issued share capital of Orient Biotech of RM1,000,000.00 comprising 1,000,000 ordinary shares from ES Teoh and CT Wong for a purchase consideration of RM19,589,200.00. The said purchase consideration was satisfied entirely via the issuance of 195,892,000 new Shares to ES Teoh and CT Wong at an issue price of RM0.10 per Share, as follows:

Vendors	No. of Orient Biotech shares acquired	Shareholdings held in Orient Biotech (%)	Purchase consideration (RM)	No. of Shares issued
ES Teoh	500,000	50.00	9,794,600	97,946,000
CT Wong	500,000	50.00	9,794,600	97,946,000
Total	1,000,000	100.00	19,589,200.00	195,892,000

4. DETAILS OF OUR IPO (CONT'D)

The purchase consideration of RM19,589,200.00 was arrived at on a willing-buyer willing-seller basis and after taking into account the audited NA of Orient Biotech as at 31 May 2023 of RM19,589,206.00. The acquisition of Orient Biotech was completed on 21 June 2024 and Orient Biotech became a wholly-owned subsidiary of our Company.

(iii) Acquisition of Orient Laboratories

The acquisition of Orient Laboratories entails the acquisition by our Company of the entire issued share capital of Orient Laboratories of RM300,000.00 comprising 300,000 ordinary shares from ES Teoh and CT Wong for a purchase consideration of RM5,757,300.00. The said purchase consideration was satisfied entirely via the issuance of 57,573,000 new Shares in aggregate to ES Teoh and CT Wong at an issue price of RM0.10 per Share, as follows:

Vendors	No. of Orient Laboratories shares acquired	Shareholdings held in Orient Laboratories (%)	Purchase consideration (RM)	No. of Shares issued
ES Teoh	150,000	50.00	2,878,650.00	28,786,500
CT Wong	150,000	50.00	2,878,650.00	28,786,500
Total	300,000	100.00	5,757,300.00	57,573,000

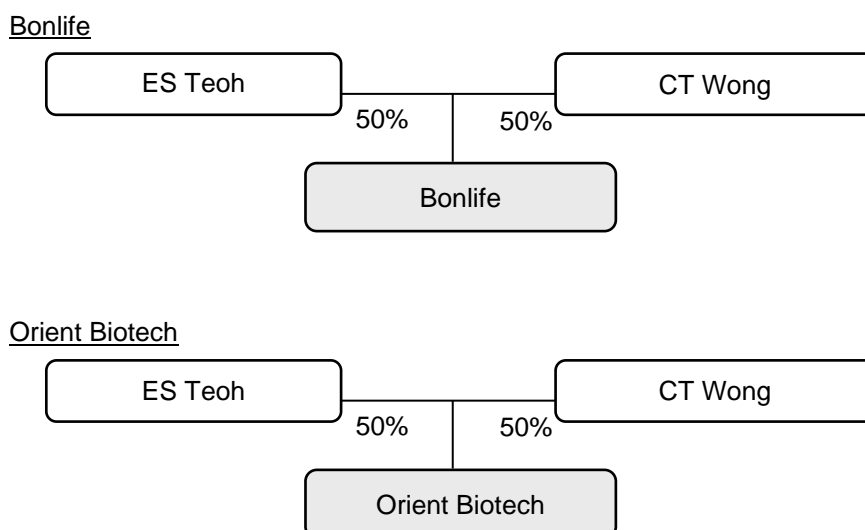
The purchase consideration of RM5,757,300.00 was arrived at on a willing-buyer willing-seller basis and after taking into account the audited NA of Orient Laboratories as at 31 May 2023 of RM5,757,303.00. The acquisition of Orient Laboratories was completed on 21 June 2024 and Orient Laboratories became a wholly-owned subsidiary of our Company.

Following the completion of the Acquisitions, our issued share capital increased from 1,000 to 271,627,000 Shares.

The conditions precedent of the abovementioned share sale agreements including, among others, the approval-in-principle of Bursa Securities for the Listing, the SC and MITI's approvals or notifications as set out in Section 2.1 of this Prospectus.

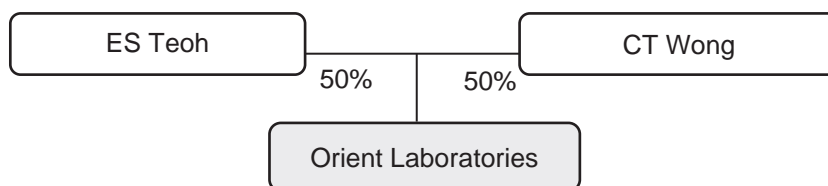
Our Group structure before and after the Acquisitions is as follows:

Before the Acquisitions

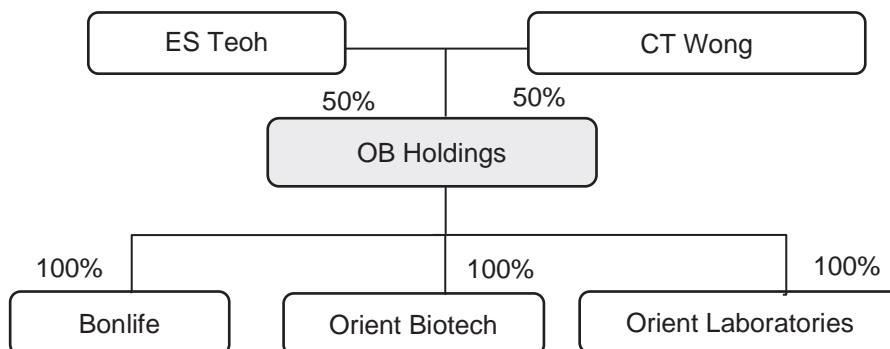


4. DETAILS OF OUR IPO (CONT'D)

Orient Laboratories



After the Acquisitions



4.1.2 Public Issue

The Public Issue of 120,000,000 new Shares, representing 30.64% of our enlarged issued share capital upon Listing, at the IPO Price, will be allocated in the following manner:

(i) Malaysian Public (via balloting)

19,582,000 IPO Shares, representing 5.00% of our enlarged issued share capital, will be made available for Application by the Malaysian Public via balloting, of which 50.00% will be set aside strictly for Bumiputera investors.

Any IPO Shares reserved under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- (a) firstly, by the Eligible Persons (excluding the eligible Directors) under the Pink Form Allocation as described in Section 4.1.2(ii) of this Prospectus;
- (b) secondly, by our selected investors as described in Section 4.1.2(iii) of this Prospectus; and
- (c) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

4. DETAILS OF OUR IPO (CONT'D)**(ii) Eligible Persons**

7,833,000 IPO Shares, representing 2.00% of our enlarged issued share capital, will be made available for Application by the Eligible Persons under the Pink Form Allocation in the following manner:

Eligibility	No. of persons	Pink Form Allocation (No. of shares)
Directors ⁽¹⁾	5	2,044,000
Employees ⁽²⁾ / Persons who have contributed to the success of our Group ⁽³⁾	Up to 150	5,789,000
Total	Up to 155	7,833,000

Notes:

- (1) The criteria of allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group. The Directors who are entitled to the Pink Form Allocation are set out below:

Name	Designation	No. of IPO Shares allocated
Lee Bao Yu	Executive Director	1,044,000
Dato' Seri Abdul Puhat Bin Mat Nayan	Independent Non-Executive Chairman	250,000
Dato' Haji Mohd Dusuki Bin Ya'acob	Independent Non-Executive Director	250,000
Vasu A/L Nallayan	Independent Non-Executive Director	1,200,000
Ooi Gin Hui	Independent Non-Executive Director	250,000
Total		2,994,000

- (2) The criteria of allocation to the eligible employees of our Group are based on, among others, the following factors:
- the employee must be a full-time employee of at least 18 years of age and on the payroll of our Group;
 - the employee is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
 - the number of IPO Shares allocated to the eligible employees is based on their position, their length of service and their past performance / contribution as well as other factors deemed relevant by our Board.

4. DETAILS OF OUR IPO (CONT'D)

The number of IPO Shares to be allocated to our Key Senior Management are set out below:

Name	Designation	No. of IPO Shares allocated
Faun Chee Yarn	Financial Controller	400,000
Lew Yoke Chin	General Manager	100,000
Lee Chee Keat	R&D Manager	60,000
Lee Kok Onn	Factory Manager	80,000
Pang Poh Lye	Legal Manager	100,000
Yap Weng Fong	Production Manager	21,000
Total		761,000

- (3) Persons who have contributed to the success of our Group include business associates, customers, and suppliers. The number of IPO Shares to be allocated to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of relationship as well as their level of contribution and support to our Group.

Please also see Sections 5.2.3 and 5.3.3 for further details of our Directors' and Key Senior Management's shareholdings in our Company as at LPD and after our IPO.

Any IPO Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription as follows (subject always to the availability of the IPO Shares):

- (a) firstly, by other Eligible Persons (excluding the eligible Directors);
- (b) secondly, by the Malaysian Public as described in Section 4.1.2(i) of this Prospectus;
- (c) thirdly, by our selected investors as described in Section 4.1.2(iii) of this Prospectus; and
- (d) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at LPD, save as disclosed in Section 4.1.2(ii) of this Prospectus, to the extent known to our Company:

- (a) there are no Substantial Shareholders, Directors or Key Senior Management who have indicated to us that they intend to subscribe for the IPO Shares; and
- (b) there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of our IPO Shares.

4. DETAILS OF OUR IPO (CONT'D)

(iii) Private placement to selected investors

43,632,000 IPO Shares, representing 11.14% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

The IPO Shares reserved under the private placement to selected investors are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares will be obtained from the respective selected investors.

In the event of undersubscription of the IPO Shares by the selected investors under the private placement, the remaining portion will be clawed back and reallocated to the Malaysian Public as part of the balloting process on a fair and equitable manner.

(iv) Private placement to identified Bumiputera investors approved by MITI

48,953,000 IPO Shares, representing 12.50% of our enlarged issued share capital, will be allocated by way of private placement to identified Bumiputera investors approved by MITI ("**MITI Tranche**").

In the event of under-subscription of MITI Tranche by the identified Bumiputera investors approved by MITI and subject to a corresponding over-subscription by the Malaysian Public or over-subscription by selected investors, the remaining portion will be clawed-back and be made available to the investors as follows:

- (a) firstly, the selected investors under Section 4.1.2(iii) of this Prospectus (whom are Malaysian institutional investors);
- (b) secondly, the Bumiputera public investors under Section 4.1.2(i) of this Prospectus; and
- (c) any remaining portion from MITI Tranche which are not taken up by the selected investors and the Bumiputera public investors will be made available to the other public investors under Section 4.1.2(i) of this Prospectus,

(collectively referred as "**MITI Clawback and Reallocation**").

The basis of allocation for our IPO Shares shall take into account our Board's intention to distribute our IPO Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board. There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO shares.

The salient terms of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.1.3 Share Transfer

Goodone is an investment holding company held by ES Teoh and CT Wong with equity interest of 50.00% each.

During the prescription period (1 day after the launching date of the Prospectus up to a period of 30 days), ES Teoh and CT Wong will transfer their respective shareholdings amounting to 117,488,100 Shares to Goodone in conjunction with the IPO.

Further details of the Share Transfer are set out below:

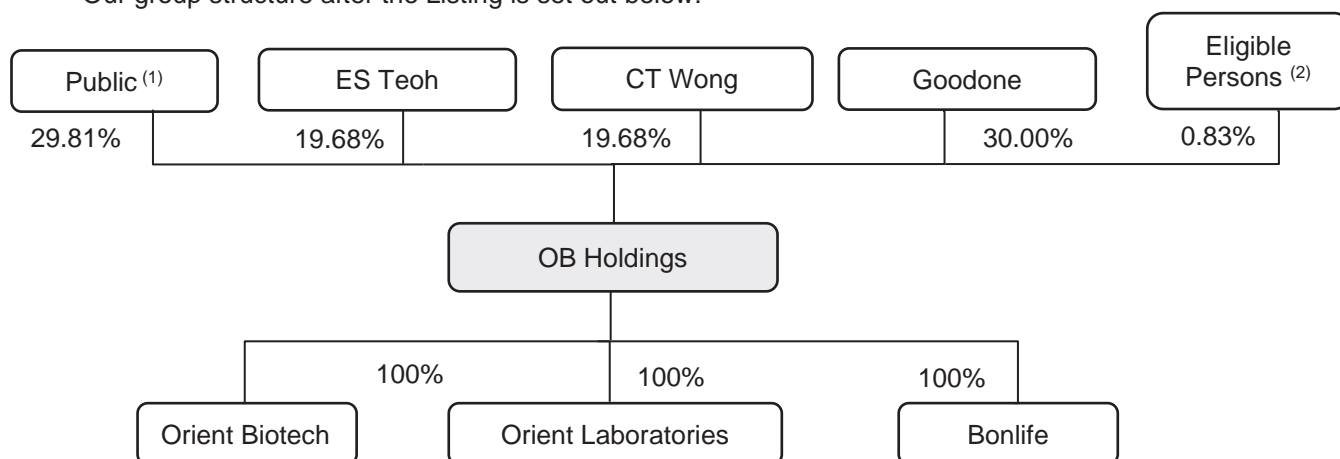
Shareholders	No. of Shares held before the Share Transfer to Goodone	% ⁽¹⁾	No. of Shares to be transferred to Goodone pursuant to the Share Transfer	% ⁽²⁾	No. of Shares held after the Share Transfer to Goodone	% ⁽²⁾
ES Teoh	135,813,500	50.00	58,744,050	15.00	77,069,450	19.68
CT Wong	135,813,500	50.00	58,744,050	15.00	77,069,450	19.68
Total	271,627,000	100.00	117,488,100	30.00	154,138,900	39.36

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our Listing.
- (2) Based on our enlarged share capital of 391,627,000 Shares after our Listing.

The Share Transfer above is based on the mutual agreement between the shareholders of Goodone. The Share Transfer does not involve any issuance of new Shares. Upon Listing, Goodone will hold in aggregate 30.00% of the enlarged issued share capital. Please refer to Section 5.1.2(iv) of the Prospectus for further details on Goodone.

Our group structure after the Listing is set out below:



Notes:

- (1) The public shareholdings spread upon Listing is 29.81%.
- (2) Based on 3,247,000 IPO Shares to be allocated to Eligible Persons who are not included as public pursuant to the Pink Form Allocation and assuming the pink form allocated to them are fully subscribed.

4. DETAILS OF OUR IPO (CONT'D)

4.1.4 Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM55,963,600 comprising 391,627,000 Shares shall be listed on the ACE Market of Bursa Securities. Our share capital upon completion of our IPO will be set out below:

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	271,627,000	27,163,600
New Shares to be offered pursuant to our Public Issue	120,000,000	28,800,000
Enlarged issued share capital upon Listing	391,627,000	55,963,600
IPO Price		RM 0.24
Pro forma combined NA per Share as at 31 May 2024 <i>(based on our enlarged issued share capital after our IPO, the use of proceeds raised from our Public Issue and net of listing expenses)</i>		RM 0.15
Market capitalisation upon Listing <i>(based on the IPO Price and our enlarged issued share capital after our IPO)</i>		RM 93,990,480

The IPO Price is payable in full upon Application.

We only have 1 class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon issuance and allotment, rank equally in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by his / its representative under the instrument of proxy or certificate of appointment of corporate representative or power of attorney ("**Representative**"). On a vote by show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote for each Share held. A proxy may but need not be a shareholder of our Company.

4. DETAILS OF OUR IPO (CONT'D)

4.2 BASIS OF ARRIVING AT OUR IPO PRICE

Our Directors and Promoters, together with AIS, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon our IPO Price after taking into consideration the following factors:

(i) Financial and operating history

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for FYE 2024, we recorded a PAT of RM5.50 million representing an EPS of 2.02 sen (based on the existing issued share capital of 271,627,000 Shares) and 1.40 sen (based on the enlarged issued share capital of 391,627,000 Shares upon Listing) resulting in PE Multiple of 11.88 times and 17.14 times, respectively based on the IPO Price.

The adjusted PAT for FYE 2024 after excluding the under accrual of real property gains tax related to an investment property disposed of RM0.03 million, as well as the listing expenses incurred of RM0.72 million (being one-off and non-recurring in nature) in FYE 2024 would be RM6.25 million. The exclusion of listing expenses in deriving the adjusted PAT would be a more accurate representation of the Group's PAT under ordinary course of business circumstance. Based on the adjusted PAT of RM6.25 million for FYE 2024, this would translate into an adjusted EPS of 2.30 sen (based on the existing issued share capital of 271,627,000 Shares) and 1.60 sen (based on the enlarged issued share capital of 391,627,000 Shares upon Listing) and a PE Multiple of 10.43 times and 15.00 times, respectively based on the IPO Price.

(ii) Business strategies and future plans

Our business strategies and future plans as set out in Section 7.14 of this Prospectus.

(iii) Competitive strengths and the industry overview

Our competitive strengths as set out in Section 7.13 of this Prospectus, and the industry overview as set out in the IMR Report in Section 8 of this Prospectus.

(iv) Pro forma combined NA

The pro forma combined NA per Share of RM0.15 as at 31 May 2024 based on the enlarged issued share capital of 391,627,000 Shares, after our IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 13 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the market price of our Shares. You should form your own views on the valuation of our IPO and reasonableness of the bases used before deciding to invest in our IPO Shares. You are reminded to consider the risk factors as set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (CONT'D)**4.3 DILUTION**

Dilution is the amount by which the IPO Price to be paid by investors for our IPO Shares exceeds our pro forma combined NA per Share after our IPO and is as follows:

	RM
IPO Price	0.24
Pro forma combined NA per Share as at 31 May 2024 before our Public Issue	0.12
Pro forma combined NA per Share as at 31 May 2024 after our Public Issue and utilisation of proceeds	0.15
Increase in NA per Share attributable to existing shareholders	0.03
Dilution in NA per Share to new investors	0.09
Dilution in NA per Share as a percentage of the IPO Price	37.50%

Further details of our Group's pro forma combined NA per Share as at 31 May 2024 are set out in Section 13 of this Prospectus.

Save as disclosed below and Section 4.1.1 of this Prospectus, there has been no acquisition of any existing equity securities in our Company by our Promoters, Directors, Substantial Shareholders, and/or Key Senior Management, or persons connected with them from the date of our incorporation to the date of this Prospectus, or which they have the right to acquire:

	No. of Shares held before our IPO ⁽¹⁾	No. of Shares held from our IPO ⁽²⁾	Total consideration RM	Effective cost per Share RM
Promoters, Directors and Substantial Shareholders				
ES Teoh	135,813,500	-	13,581,350	0.10
CT Wong	135,813,500	-	13,581,350	0.10
Substantial Shareholder				
Goodone	-	117,488,100	28,197,144	0.24
Promoter and Director				
Lee Bao Yu	-	1,044,000	250,560	0.24
Independent Non-Executive Directors				
Dato' Seri Abdul Puhat Bin Mat Nayan	-	250,000	60,000	0.24
Dato' Haji Mohd Dusuki Bin Ya'acob	-	250,000	60,000	0.24
Vasu A/L Nallayan	-	1,200,000	288,000	0.24
Ooi Gin Hui	-	250,000	60,000	0.24

4. DETAILS OF OUR IPO (CONT'D)

	No. of Shares held before our IPO ⁽¹⁾	No. of Shares held from our IPO ⁽²⁾	Total consideration RM	Effective cost per Share RM
Key Senior Management				
Faun Chee Yarn	-	400,000	96,000	0.24
Lew Yoke Chin	-	100,000	24,000	0.24
Lee Chee Keat	-	60,000	14,400	0.24
Lee Kok Onn	-	80,000	19,200	0.24
Pang Poh Lye	-	100,000	24,000	0.24
Yap Weng Fong	-	21,000	5,040	0.24
Persons connected to Promoters, substantial shareholders and Directors				
Lim Nai Tiang ⁽³⁾		253,000	60,720	0.24

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.
- (2) After the Share Transfer to Goodone and assuming all Pink Form Allocation are fully subscribed.
- (3) Lim Nai Tiang is an employee of our Group and sister-in-law of ES Teoh.

As at the date of this Prospectus, save for the Pink Form Allocation, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocation is based on our IPO Price.

4.4 USE OF PROCEEDS FROM OUR IPO

Based on the IPO Price of RM0.24, the total gross proceeds of RM28.80 million from our Public Issue will be utilised by our Group in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from our Listing date)
(a) Business expansion			
- Repayment of bank borrowings	14,900	51.74	Within 36 months
- Purchase of machines	5,000	17.36	Within 36 months
- Product development expenditure	900	3.12	Within 36 months
(b) Marketing and advertisement	1,000	3.47	Within 24 months
(c) Working capital	3,000	10.42	Within 24 months
(d) Estimated listing expenses	4,000	13.89	Within 3 months
Total	28,800	100.00	

There is no minimum level of subscription in terms of the proceeds to be raised from the IPO.

Pending the eventual use of proceeds raised from our Public Issue, the proceeds will be placed in interest-bearing short-term deposits and/or money market instruments/funds with licensed financial institutions. The interest income and/or dividend income to be received from the proceeds placed in interest-bearing short-term deposits and/or money market instruments/funds with licensed financial institutions will be utilised for working capital purposes.

4. DETAILS OF OUR IPO (CONT'D)

4.4.1 Business Expansion

(a) Repayment of bank borrowings

We intend to construct our New Serendah Factory to achieve improved manufacturing efficiency, as well as to cater for increasing demand in anticipation of future business expansion. By constructing a new factory, we will have a larger manufacturing space where we will be able to customise the layout of our manufacturing area to optimise the configuration of our machinery (existing machines and new machines to be purchased), as well as to invest in new machinery and equipment in order to enhance our manufacturing workflow and efficiency. We have commenced the construction of our New Serendah Factory in January 2024 and the construction is expected to complete in the 1st half of 2025. Please refer to Section 7.14 of this Prospectus for further details on our Group's business strategies and future plans.

Based on the above, our Group had secured bank borrowings of RM25.60 million for acquisition of New Serendah Land and construction of New Serendah Factory. The details are set out below:

Details	Bank borrowings RM'000	Internally generated funds RM'000	Estimated costs RM'000
(i) Acquisition of New Serendah Land	12,100	1,383	13,483
(ii) Construction of New Serendah Factory	13,500	3,500	17,000
Total	25,600	4,883	30,483

We intend to allocate RM14.90 million representing 51.74% of the gross proceeds from our Public Issue for the repayment of 2 term loans, i.e. Term Financing 1 and Term Financing 2 (hereinafter refers to the "Banking Facilities") which are utilised to part finance the acquisition of New Serendah Land and the construction of New Serendah Factory, for which the details of the Banking Facilities are set out below:

Banking facility	Purpose	Interest rate per annum	Maturity date	Amount drawdown / to be drawdown RM'000	Balance as at LPD RM'000	Amount to be repaid from IPO proceeds RM'000	Estimated time frame for use of IPO Proceeds (from our Listing date)
Term Financing 1 (Hong Leong Islamic Bank Berhad)	To part finance the acquisition of New Serendah Land	ICOF + 1.25%	July 2042	12,100 ⁽¹⁾	10,890	10,000	Within 6 months
Term Financing 2 (Hong Leong Islamic Bank Berhad)	To part finance the construction of New Serendah Factory	ICOF + 1.25%	June 2044	13,500 ⁽²⁾	-	4,900	Within 36 months
Total				25,600	10,890	14,900	

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) The facility amount of RM12.10 million had been fully drawdown as at LPD. Our Group intends to utilise RM10.00 million of the gross proceeds from Public Issue for the part repayment of Term Financing 1.
- (2) The facility amount of RM13.50 million shall be released progressively in accordance to the architect's /engineer's /contractor's /surveyor's certificate of work done which is satisfied by the bank. Our Group intends to utilise RM4.90 million of the gross proceeds from Public Issue for the part repayment of Term Financing 2. As at LPD, there is no drawdown from Term Financing 2. Please refer to Section 7.14.1 of this Prospectus for further information on the indicative timeline for the construction of our New Serendah Factory.

For avoidance of doubt, there is no penalty charge for early settlement of the Banking Facilities. Nonetheless, as the Banking Facilities are subject to lock-in period of 5 years, in the event of any early settlement before the expiry of its tenure, our Group is required to pay the costs incurred for the early settlement which includes, but not limited to, legal fees, disbursement fees, stamp duty and valuation fees, if any.

The repayment of bank borrowings will reduce our Group's overall gearing level. Based on the pro forma combined statement of financial position as at 31 May 2024 and after taking into consideration of Public Issue, our Group's gearing will be 0.23 times. However, after taking into consideration the drawdown from Term Financing 2 and the proposed repayment of bank borrowings, our Group's gearing level will reduce to 0.21 times.

For illustration purpose, the repayment of the above-mentioned borrowings is expected to result in a positive financial impact on our Group with interest savings of approximately RM0.74 million per annum based on the interest rate of 4.94% (assuming that ICOF as at LPD is 3.69% + 1.25%) multiplied by RM14.90 million, being the amount to be repaid from IPO proceeds. However, the actual interest savings may vary depending on the applicable interest rate. Any excess amount required for the repayment of bank borrowings will be funded by internally generated funds.

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4. DETAILS OF OUR IPO (CONT'D)

(b) Purchase of machines

Upon the completion of our New Serendah Factory, we will relocate our existing machines for the manufacturing of F&B from our Selayang Factory and Rented Serendah Factory to our New Serendah Factory. Further, with the larger manufacturing space in our New Serendah Factory, we intend to purchase new machines to cater for our Group's planned expansion of manufacturing capacity.

We intend to allocate RM5.00 million representing 17.36% of the gross proceeds from our Public Issue for the purchase of machines upon the completion of our New Serendah Factory, which is expected to take place in the 2nd half of 2025. The estimated cost for the purchase of machines upon the completion of our New Serendah Factory is set out below:

Machines	Description	Number of unit(s)	Estimated cost (RM'000) ⁽¹⁾	Estimated funds by IPO proceeds (RM'000)
(i) Multilane sachet packing machine	A machine with multiple lanes that allow simultaneous packing of liquid, jelly or powdered products into sachets.	1	1,180	1,100
(ii) Freeze dry machine	A machine that dehydrates liquid active ingredients at a low temperature and pressure.	2	349	250
(iii) Extraction and concentration machine	A machine that uses reverse osmosis water technology to extract active ingredients at temperatures between 70 degrees Celsius and 90 degree Celsius, and at a controlled duration. This machine has an extraction capacity of 500 litres for commercial use.	1	4,201	2,000
(iv) Stability chamber	A machine that measures the stability of the product formulated at a controlled temperature and humidity.	1	31	30
(v) Supercritical carbon dioxide extraction machine	A machine that is used for the extraction of molecules or substances from materials such as herbs, using carbon dioxide as a supercritical fluid.	1	1,496	1,300
(vi) Gelatine loading tank (softgel equipment)	A machine used for the mixing and dissolution of formulated gelatine powder at a controlled temperature and condition.	1	467	320
		Total:	7,724	5,000

4. DETAILS OF OUR IPO (CONT'D)

Note:

- (1) The remaining cost of the machines will be funded through internally generated fund.

Any excess amount required for the purchase of machines will be funded by internally generated funds. Please refer to Section 7.14 of this Prospectus for further details on our Group's business strategies and future plans.

(c) Product development expenditure

A clinical trial is conducted by our Group to provide more information and confidence to the consumers on the fundamental characterisation and functional verification of a product. In selecting our Group's products to undergo a clinical trial, we have taken into consideration the marketability of a particular product, market claims on the efficacy of the product, and whether there are any similar clinical trials being carried out by other industry players in the market.

From December 2020 to June 2022, our Group conducted a clinical trial to investigate whether an oral dose of 500mg of sacha inchi oil supplementation daily could reduce glycated haemoglobin, reduce systolic and diastolic blood pressure, improve lipid profile and improve cardiometabolic health profile of patients suffering from hyperglycemia, hypertension and hyperlipidemia. This was the first clinical trial conducted by our Group. The result of the clinical study shows that, with the consumption of our house brand product, Bonlife Organic Sacha Inchi Oil 500mg Softgel supplementation, participants with hyperglycaemia, hypertension and hyperlipidaemia had shown improvement in their health conditions. Please refer to Section 7.10.2 of this Prospectus for further details on our clinical trial for sacha inchi oil supplement.

In order to stay abreast with the latest trends introduced in the market to identify possible opportunities to develop and introduce new products to expand our offerings, our in-house product development team will continue to focus on the development of new product formulations and improvement of existing product formulations.

We intend to allocate RM0.90 million representing 3.12% of the gross proceeds from our Public Issue to set up a new laboratory in our New Serendah Factory to expand our product development activities as well as to expand our in-house culturing of probiotics strain. Further details of the product development expenditure are set out below:

Details	RM'000
(i) Purchase of laboratory equipment	400
(ii) Clinical trial for Bonlife SachaQ10 Plus Softgel	500
Total	900

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (i) We intend to purchase the following laboratory equipment which will be used for our product development activities:

Laboratory Equipment	Description	Number of unit(s)	Estimated costs (RM'000)
(i) Autoclave ⁽¹⁾	A machine that sterilises laboratory apparatus at a high pressure to kill harmful bacteria, viruses, fungi, and spores.	1	22
(ii) Biohazard cabinet ⁽¹⁾	An equipment that allows personnel to work with biological samples in a sterile and enclosed environment to prevent cross-contamination.	1	28
(iii) High performance liquid chromatography	A machine that measures the active ingredients present in the raw materials or the dietary supplements manufactured.	1	180
(iv) Incubator shaker ⁽¹⁾	An equipment that incubates and shakes samples or formulations at a large capacity, and at a controlled temperature and speed.	1	12
(v) Spray dryer	A machine that dries liquid active ingredients into powder form by exposing the liquid active ingredients to a controlled temperature and pressure environment.	1	40
(vi) Stability chamber ⁽¹⁾	A machine that measures the stability of the product formulated at a controlled temperature and humidity, which is a small-scale stability chamber, catered for laboratory use.	1	31
(vii) Extraction machine (lab-scale)	A machine with technology that uses reverse osmosis water to extract active ingredients at a temperature between 70 degrees Celsius and 90 degrees Celsius, and at a controlled duration. This machine, which is a small-scale extraction machine, has an extraction capacity of 8-10 litres, catered for laboratory use.	1	67
(viii) Other measurement instruments	Instruments that used for measurement purpose	3	17
		Total:	<u>400</u> ⁽²⁾

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) As at LPD, our Group owns one unit each of the autoclave, biohazard cabinet, and incubator shaker.
- (2) Includes miscellaneous items such as the purchase of chemicals and other kits and tools for laboratory tests of RM3,000.
- (ii) We have undertaken a new clinical trial for our house brand product, namely Bonlife SachaQ10 Plus Softgel through a contract research agreement dated 27 September 2023 with Usains Infotech Sdn Bhd (a subsidiary of Usains Holding Sdn Bhd, the commercial arm of Universiti Sains Malaysia).

Pursuant to the terms of the contract research agreement, Usains Infotech Sdn Bhd shall carry out research in relation to the fundamental characterisation and functional verification of a new sachai oil-coenzyme Q10 formulation for Bonlife.

Based on the terms of the contract research agreement, the research will be carried out for a period of 30 months commencing from 1 November 2023. The cost of the clinical trial is estimated at RM0.50 million which will be fully funded via our IPO proceeds. However, as the actual commencement of the clinical trial only began in June 2024, we will utilise internally generated funds prior to the receipt of the IPO proceeds.

Any excess amount required for the product development expenditure will be funded by internally generated funds. Please refer to Section 7.14 of this Prospectus for further details on our business strategies and future plans.

4.4.2 Marketing and advertisement

We intend to allocate RM1.00 million representing 3.47% of the gross proceeds from our Public Issue for our marketing and advertising activities. The estimated costs are set out below:

Details	RM'000
(i) Marketing activities including participation in local and overseas exhibitions, and production of corporation videos	200
(ii) Advertising activities including outdoor advertising on billboards and online advertising	800
Total	1,000

As at LPD, we have identified and intend to participate in several exhibitions in relation to fortified F&B and dietary supplements which are expected to take place between 2025 and 2026. The participation of these exhibitions present us the key source for developing initial contact with potential customers.

As the widespread use of internet enables us to cross geographical borders, we intend to leverage more on our social media platforms to promote our products and services. As such, part of our IPO proceeds will be earmarked for the online advertising fees in social media platforms.

Any excess amount required for the marketing and advertisement will be funded by internally generated funds. Please refer to Section 7.14 of this Prospectus for further details on our business strategies and future plans.

4. DETAILS OF OUR IPO (CONT'D)

4.4.3 Working capital

Our Group's working capital requirement is expected to increase in tandem with our future plan to expand the manufacturing capacity of fortified F&B and dietary supplements. For the Financial Years Under Review, the purchases of raw materials, food ingredients and packaging materials, being the main component of our cost of sales, represent 83.12%, 83.68%, 78.58% and 80.12% of our total cost of sales, respectively.

We intend to allocate RM3.00 million, representing 10.42% of the gross proceeds from our Public Issue, for the purchase of raw materials and food ingredients. Some of our raw materials that are used for manufacturing are herbal plant powder and extract, animal-derived products, amino acid, plant oil, algae powder, vitamins and minerals, prebiotics and probiotics, while some of our food ingredients that are used for manufacturing are milk powder, excipients, fruit and vegetable powder, nuts, seeds, beans, grains, oats and coffee powder.

Our Group had in the past and currently been funding our working capital via bank borrowings and/or internally generated funds. Therefore, the above working capital allocation from our Public Issue is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

4.4.4 Estimated listing expenses

Our listing expenses are estimated to be RM4.00 million, details of which are as follows:

Details	RM'000
Professional fees ⁽¹⁾	2,648
Fees to authorities	76
Estimated underwriting, placement and brokerage fees	868
Printing and advertising	191
Miscellaneous expenses and contingencies ⁽²⁾	217
Total	4,000

Notes:

- (1) Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants, IMR and other professional advisers.
- (2) Includes other incidental or related expenses in connection with our IPO, such as fees to translators, media related expenses and IPO event expenses, and fund reserved for contingency purposes.

If the actual listing expenses are higher than budgeted, the deficit will be funded by the amount allocated for working capital purposes. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

4. DETAILS OF OUR IPO (CONT'D)

4.5 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.5.1 Underwriting commission

AIS, as our Sole Underwriter, has agreed to underwrite 19,582,000 IPO Shares made available for application by the Malaysian Public and 7,833,000 Pink Form Allocation made available to the Eligible Persons as set out in Sections 4.1.2 (i) and (ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.50% of the total value of the underwritten Shares based on the IPO Price.

4.5.2 Brokerage fee

We will bear the brokerage fee at the rate of 1.00% of the IPO Price in respect of all successful applications that bear the stamp of either AIS, the participating organisations of Bursa Securities, the members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.5.3 Placement fee

Our Placement Agent has agreed to place out 43,632,000 IPO Shares to the selected investors (as set out in Section 4.1.2 (iii) of this Prospectus) as well as 48,953,000 IPO Shares to the selected Bumiputera investors approved by MITI (as set out in Section 4.1.2 (iv) of this Prospectus).

We are obliged to pay a placement fee at the rate of 2.50% of the total value of the IPO Shares successfully placed out by the Placement Agent at the IPO Price.

4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

On 3 September 2024, we have entered into the Underwriting Agreement with AIS, being the Sole Underwriter to underwrite 27,415,000 IPO Shares ("**Underwritten Shares**"), on the terms and conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

The Sole Underwriter may, by notice in writing to our Company given at any time before the date and time adopted in this Prospectus as the last date and time for the receipt of applications and payment for the IPO Shares ("**Closing Date**") or any extended Closing Date which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

- (a) the approval of Bursa Securities and other relevant authorities required for the Listing is revoked, withdrawn or ceases to have any effect whatsoever;
- (b) there is any material breach by our Company or any of its representations, warranties or undertakings contained in Clauses 3 and 4 of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to our Company;
- (c) there is a material failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement;
- (d) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO or Listing, or the distribution or sale of the IPO Shares;

4. DETAILS OF OUR IPO (CONT'D)

- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group from that set out in this Prospectus;
- (f) the Listing does not take place within three (3) months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Sole Underwriter;
- (g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares;
- (h) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“**Index**”) is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (i) on or after the date of the Underwriting Agreement; and
 - (ii) prior to the close of the offering of the Public Issue,

lower than eighty-five per centum (85%) of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

- (i) there shall have occurred or happened any of the following circumstances:-
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, pandemic, civil commotion, sabotage, acts of war or accidents).

which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or financial condition or the operations of the Group as a whole or the success of the IPO or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

The term “**material adverse effect**” on our Company or our Group is a reference to it, in the reasonable opinion of the Sole Underwriter, having a material adverse effect (aa) on our financial condition or business or operations or on the consolidated financial condition or business or operations of our Company or our Group; or (bb) on the prospects or future financial condition or business or operations of our Company or our Group; or (cc) on its ability to observe or perform its obligations under the Underwriting Agreement.

4. DETAILS OF OUR IPO (CONT'D)

4.7 PLACEMENT

On 3 September 2024, we entered into the Placement Agreement with AIS, being the Placement Agent pursuant to our IPO. Our Company has given various representations, warranties and undertakings, and is required to indemnify the Placement Agent against certain liabilities in relation to the IPO.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and Substantial Shareholders' shareholdings

The details of our Promoters and Substantial Shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality / Country of incorporation	Before our IPO / As at LPD ⁽¹⁾				After our IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial Shareholders									
ES Teoh	Malaysian	135,813,500	50.00	135,813,500	50.00 ⁽³⁾	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾
CT Wong	Malaysian	135,813,500	50.00	135,813,500	50.00 ⁽³⁾	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾
Promoter									
Lee Bao Yu	Malaysian	-	-	-	-	1,044,000	0.27	-	-
Substantial Shareholder									
Goodone ⁽⁵⁾	Malaysia	-	-	-	-	117,488,100	30.00	-	-

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 391,627,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her spouse's direct shareholdings in our Company.
- (4) Deemed interested by virtue of their shareholdings in Goodone pursuant to Section 8 of the Act.
- (5) Goodone's shareholders are ES Teoh and CT Wong and their respective direct shareholdings in Goodone are 50.00% each.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Save for our Promoters and Substantial Shareholders above, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, our Promoters and Substantial Shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between our Company and our shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

5.1.2 Profile of our Promoters and Substantial Shareholders

(i) ES Teoh

Promoter, Specified Shareholder, Substantial Shareholder and Managing Director

ES Teoh, a Malaysian aged 61, is our Managing Director. He was appointed to our Board on 1 June 2023. He obtained his London Chamber of Commerce & Industry (LCCI), Diploma in Accounting qualification via Kolej Unitek Malaysia in 1997.

He began his career in 1984 as a general worker in Eastern Global (M) Sdn Bhd, where he was involved in the frozen seafood production. A year later, he was promoted to the position of executive director of the company and in that position he was responsible for the day-to-day operations and overall management of the company. In 1991, he joined E.G. Food Industries Sdn Bhd, a company involved in the manufacturing of dried noodles, as the managing director of the company, where he was responsible for managing the day-to-day operations of the manufacturing facility. In 1993, he established Makmur Jaya Aquaculture, a sole proprietorship that was involved in the business of breeding and selling of tiger prawns. The sole proprietorship business ceased in 1995.

In 1995, he co-founded Orient Biotech together with his wife, CT Wong. He started with a small-scale business where our Group carried out the activity of supplying food ingredients to beverages and dietary supplement manufacturers. Subsequently in 1999, through Orient Biotech, ES Teoh oversaw our in-house research team's which undertook product formulation activities to develop new product formulations for fortified F&B and dietary supplements. Under the leadership of ES Teoh, our in-house research team has continuously conducted in-house research to develop new product formulations and enhance our existing product formulations for fortified F&B and dietary supplements, based on the latest market trends and our customers' requirements. Over the years, ES Teoh has gained extensive experience in the process of product formulations for fortified F&B and dietary supplements, particularly in non-technical strategic management aspects such as the identification of market needs, understanding the competitive landscape, conceptualising products and developing product solutions with the help of our Group's technical personnel and crafting roadmaps for the development of new product formulations.

With the continued growth and expansion of our Group, ES Teoh focused on the sales and marketing aspects of our Group, where he identified new markets, both locally and internationally, for existing and new products. He also oversaw finance matters for our Group. He successfully secured our Group's first export sale to Hong Kong in 2007 and overseen the growth of our Group's export sales. Throughout the years, he has charted the overall strategic direction of our Group, including among others, expanding service offerings and entering into research collaboration with university to undertake clinical research on our Group's products.

As our Group's Managing Director, he will continue to be responsible for overseeing our Group's overall finance matters, crafting the business model, business direction as well as strategic planning of our Group and he will continue to leverage on his 29 years of experience in the industry to help chart our Group's future business direction.

He is the director and shareholder of various private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(ii) Lee Bao Yu**

Promoter, Specified Shareholder and Executive Director

Lee Bao Yu, a Malaysian aged 36, is our Executive Director. She was appointed to our Board on 1 June 2023. She graduated from the Curtin University of Technology with a Bachelor of Commerce in Accounting and Finance degree in 2012.

She began her career in 2012 as a credit controller with Ann Yak Siong Hardware Sdn Bhd, a company involved in trading, processing and marketing of steel products, where she was mainly responsible for debt collection matters, in particular ensuring that all the outstanding debts of the company are collected in a timely manner. In 2013, she joined San Yang Enterprise Sdn Bhd, a company involved in manufacturing and trading of vegetarian food and other related products, as business manager, where she took charge of the accounts, sales and marketing for the company, including among others, business planning, financial management, performance monitoring and customer relationship management.

In 2019, she joined our Group as a data analytic manager, where she was responsible for data collection and analysis of the sales performance of the products and the impact of marketing initiatives undertaken by our Group. Apart from data analysis, she also took charge of our Group's finance matters such as management and monitoring cash flows, accounts and budgets for our Group. Since 2021, she was appointed as a director of our Group and apart from taking charge of our Group's finance matters, she also took charge of the marketing aspects of our Group, in particular the sales and marketing for Bonlife products. She plays a crucial role in ensuring effective communication, coordination and alignment between different departments to optimise overall business performance, she also identifies business opportunities, developing and executing strategic plans to achieve sales targets and expanding our Group's customer base and developing internet marketing strategies in particular for Bonlife products in e-commerce platforms. Upon Faun Chee Yarn joining our Group as our Group's Financial Controller in May 2022, Lee Bao Yu ceased to handle our Group's finance matters.

As our Group's Executive Director, Lee Bao Yu will continue to oversee our Group's day to day operational functions and assist the Managing Director in the crafting of the business model, business direction as well as strategic planning of our Group for future growth plans.

She was a director and shareholder of various private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

(iii) CT Wong

Promoter, Specified Shareholder, Substantial Shareholder and Non-Independent Non-Executive Director

CT Wong, a Malaysian aged 66, is our Non-Independent Non-Executive Director. She was appointed to our Board on 1 June 2023. She graduated from the University of Malaya with a Bachelor of Law (Honours) degree in 1982.

CT Wong began her career in the Judicial Legal Service in 1982, where she had served, among others, the roles of a magistrate, senior federal counsel and deputy public prosecutor. In 1991, she joined Eastern Global (M) Sdn Bhd as an administrative manager where she handled mainly administrative matters for the company. In 1994, she joined Indah Water Konsortium Sdn Bhd as a legal manager, where she was involved in legal advisory matters and overseeing legal compliance matters of the company. She was promoted to the position of head of legal department in 1997, where she was responsible for leading and managing the legal department of the company, including among others, developing legal strategies that aligned with the business of the company, providing legal advice, ensuring the company is in compliance with applicable laws, regulations and industry standards and overseeing the drafting, review and negotiation of contracts with external parties. She left Indah Water Konsortium Sdn Bhd in 2008.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

CT Wong co-founded Orient Biotech together with her husband, ES Teoh, in 1995. However, she was not involved in the business operations of our Group until she left Indah Water Konsortium Sdn Bhd in 2008, at which time she joined our Group as an executive director and oversaw our Group's administrative matters, legal and company secretarial matters. In 2018, CT Wong stepped down from being involved in the day-to-day operations of our Group. Nevertheless, as our Non-Independent Non-Executive Director, she continues to advise our Group on operational, administrative and legal matters and assist in ensuring that our Group complies with the requisite standards of corporate governance and compliance.

She is a director and shareholder of various private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

(iv) Goodone

Specified Shareholder and Substantial Shareholder

Goodone was incorporated on 4 August 2023 in Malaysia under the Act as a private limited company under its present name. Goodone is an investment holding company.

As at LPD, the issued share capital of Goodone is RM100.00 comprising 100 ordinary shares.

As at LPD, the directors and shareholders of Goodone are as follows:

Directors and shareholders	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
ES Teoh	Malaysian	50	50.00	50	50.00 ⁽¹⁾
CT Wong	Malaysian	50	50.00	50	50.00 ⁽¹⁾

Note:

(1) Deemed interested by virtue of his/her spouse' direct shareholdings in Goodone.

Please see Section 5.6 of this Prospectus for further details of the family relationship between our Promoters, Substantial Shareholders and Directors.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.3 Changes in our Promoters' and Substantial Shareholders' shareholdings

The changes in our Promoters' and Substantial Shareholders' shareholdings in our Company since our incorporation up to LPD are as follows:

Name	As at the date of incorporation				Before our IPO / As at LPD ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial Shareholders								
ES Teoh	500	50.00	500	50.00 ⁽³⁾	135,813,500	50.00	135,813,500	50.00 ⁽³⁾
CT Wong	500	50.00	500	50.00 ⁽³⁾	135,813,500	50.00	135,813,500	50.00 ⁽³⁾
Promoter								
Lee Bao Yu	-	-	-	-	-	-	-	-
Substantial Shareholder								
Goodone	-	-	-	-	-	-	-	-
Name	After our IPO ⁽²⁾							
	Direct		Indirect					
	No. of Shares	%	No. of Shares	%				
Promoters and Substantial Shareholders								
ES Teoh	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾				
CT Wong	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾				
Promoter								
Lee Bao Yu	1,044,000	0.27	-	-				
Substantial Shareholder								
Goodone	117,488,100	30.00	-	-				

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 391,627,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her spouse's direct shareholdings in our Company.
- (4) Deemed interested by virtue of their shareholdings in Goodone pursuant to Section 8 of the Act.

5.1.4 Promoters and Substantial Shareholders' remuneration and benefits-in-kind

Save for the dividends paid or to be paid, if any, to our Promoters and Substantial Shareholders and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and Substantial Shareholders for services rendered to our Group in all capabilities for FYE 2023 and FYE 2024 and proposed to be paid for FYE 2025 as set out in Section 5.2.5 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and Substantial Shareholders within the 2 years preceding the date of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2 BOARD OF DIRECTORS

5.2.1 Board of Directors

The details of our Directors and the date of expiration of the current term of office for each of our Directors and the period for which each of them has served in that office as at LPD are as follows:

Name	Designation	Age	Nationality / Gender	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Dato' Seri Abdul Puhat Bin Mat Nayan	Independent Non-Executive Chairman	67	Malaysian / Male	23 August 2023	At our first annual general meeting	About 1 year
ES Teoh	Managing Director	61	Malaysian / Male	1 June 2023	At our first annual general meeting	More than 1 year
Lee Bao Yu	Executive Director	36	Malaysian / Female	1 June 2023	At our first annual general meeting	More than 1 year
CT Wong	Non-Independent Non-Executive Director	66	Malaysian / Female	1 June 2023	At our first annual general meeting	More than 1 year
Dato' Haji Mohd Dusuki Bin Ya'acob	Independent Non-Executive Director	65	Malaysian / Male	23 August 2023	At our first annual general meeting	About 1 year
Vasu A/L Nallayan	Independent Non-Executive Director	61	Malaysian / Male	23 August 2023	At our first annual general meeting	About 1 year
Ooi Gin Hui	Independent Non-Executive Director	44	Malaysian / Female	23 August 2023	At our first annual general meeting	About 1 year

In accordance with our Constitution, at the first annual general meeting of our Company, all of our Directors shall retire from office. At the subsequent annual general meeting, 1/3, or the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all of our Directors shall retire from office once at least in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires. An election of Directors shall take place each year.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.2 Profile of our Directors

The profiles of ES Teoh, Lee Bao Yu and CT Wong are set out in Section 5.1.2 above. The profiles of our other Directors are set out below:

(i) **Dato' Seri Abdul Puhat Bin Mat Nayan**
Independent Non-Executive Chairman

Dato' Seri Abdul Puhat Bin Mat Nayan, a Malaysian aged 67, is our Independent Non-Executive Chairman. He was appointed to our Board on 23 August 2023. He graduated from the University of Malaya with a Bachelor of Arts (with honours) degree in 1980.

Dato' Seri Abdul Puhat Bin Mat Nayan began his career in 1982 as an officer with the Public Service Department of Malaysia, where he was involved in employment establishment and schemes of service for public sector. In 1983, he attended a one-year mandatory training course with the National Institute of Public Administration and upon completion, he was appointed as an administrative and diplomatic officer. He resumed employment with the Public Service Department of Malaysia as assistant director, where he continued to assist in the employment establishment and schemes of service for public sector. In 1987, he was transferred to the Perak State Secretary Office as assistant director, where he was involved in matters relating to rural planning and development.

In 1993, he was transferred to the Kinta district land office as an assistant district officer, where he assisted in planning and managing land-related matters for rural areas. In 1994, he was transferred to the Perak State Secretary Office as an assistant secretary, where he managed the scholarships and loans for Perak students. During the period from 1997 to 2004, he was transferred to the Perak Sports Council as its director, where he was involved in, amongst others, athlete and sports development programmes within the state of Perak, management of sports infrastructure in Perak and collaboration with national and international sports organisations. In 2004, he was transferred to the Kerian district and land office as district officer, where he was in charge of overseeing and coordinating various development activities at the district level, such as local development planning, land development, management, land acquisitions and social projects for rural communities. Subsequently, he assumed the position of president of the Kerian district council where he took charge of strata ownership, licensing and land development. In 2007, he was transferred to the Ministry of Rural Development as director general, where he oversaw the development of rural areas in Malaysia, including implementing various development projects such as healthcare, education and welfare in the rural communities. In 2011, he was transferred to the Perak State Secretary's Office as Perak state secretary where he was responsible for managing and overseeing all state government matters such as economic development, policy implementation, budget management, legal compliances and crisis management for the Perak state government. He retired from the Perak State Secretary's Office in April 2018.

Dato' Seri Abdul Puhat Bin Mat Nayan is currently the chairman of the Public Service Commission of Perak, a position he has held since 2022.

He is also the director of various private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(ii) Dato' Haji Mohd Dusuki Bin Ya'acob**
Independent Non-Executive Director

Dato' Haji Mohd Dusuki Bin Ya'acob, a Malaysian aged 65, is our Independent Non-Executive Director. He was appointed to our Board on 23 August 2023. He graduated from the Universiti Kebangsaan Malaysia with a degree in Geography in 1983. He also holds a Master of Arts (Center for International Studies) degree from the Ohio University, United States of America ("**Ohio University**") which was obtained in 1997.

He began his career in 1983 as an assistant secretary with the Ministry of Health in the finance division, where he assisted with the budget preparation, financial planning and financial reporting of the Ministry of Health. Subsequently, he was transferred to the Ministry of Rural Development in the human resource division in 1991, where he assisted in employment matters such as the promotion and discipline of staffs.

He was offered a scholarship in 1995 to pursue his master degree in Ohio University. In 1997, he joined the Public Service Department of Malaysia as an assistant secretary in the human resource division. Subsequently, he was transferred to the Ministry of Home Affairs as principal assistant secretary in the human resource division, where he took charge of human resource matters such as recruitment, employee training, employee relations and human resources development policies. In 2001, he was transferred to the Ministry of Human Resources, where his job scope was similar to the role that he performed at the Ministry of Home Affairs.

In 2003, he was transferred to the Department of Registration of Societies, Kelantan as its director, where he oversaw the registration and activities of societies in Kelantan. In 2006, he was transferred to Hospital Raja Perempuan Zainab, Kelantan as deputy director, where he took charge of the human resource, finance, budget, development and procurement of medical devices and equipment for the hospital. In 2008, he served as the deputy under secretary for the Ministry of Health at the finance division where he was responsible for the planning, budgeting and reviewing of financial report. In 2013, he was promoted to as the under secretary for the Ministry of Health at the procurement division where he was responsible for the procurement of medical devices and equipment required by the hospital and health facilities in Malaysia as well as ensuring that selected medical devices and equipment comply with the relevant regulatory standards and certifications required by the health authorities. In 2018, he was promoted and served as the under secretary for the Ministry of Home Affairs at the development division, where he took charge of the development of infrastructure such as police force, national registration and immigration department. He retired from the Ministry of Home Affairs in December 2019 after a long and distinguished career in government service.

He is a director and shareholder of a private limited company, details of which are set out in Section 5.2.4 of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(iii) Vasu A/L Nallayan**
Independent Non-Executive Director

Vasu A/L Nallayan, a Malaysian aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 23 August 2023. He graduated from the Universiti Kebangsaan Malaysia with a Business Administration degree in 1989.

In 1989, he began his career as an economic officer in the textiles and building materials division of MIDA, where he was involved in processing applications for manufacturing licences and tax incentives. In 1994, he was transferred to the industrial metal and engineering support division, where his job scope was similar to the role that he performed in the textiles and building division. In 2001, he was transferred to the MIDA state office in Melaka as director where he oversaw all matters in the MIDA state office in Melaka including promoting investments and facilitating economic development at the regional level.

In 2003, he was transferred back to MIDA's headquarters in Kuala Lumpur and was promoted as deputy director in the industrial chemicals and life science division, where he was involved in amongst others, investment promotion and facilitating investment to enhance the growth of the chemicals and life science sectors in Malaysia. In 2005, he was posted to MIDA's overseas office in Osaka, Japan as director where he was involved in strategic planning to attract foreign direct investment, investment promotion, investor facilitation, market intelligence as well as trade and investment seminars. In 2006, he was transferred back to MIDA's headquarters in Kuala Lumpur, where he resumed his role in the industrial metal and engineering supporting division as deputy director. In 2008, he was posted to MIDA's overseas office in Mumbai, India as director, where he set up the MIDA overseas office in Mumbai, India and his job scope was similar to the role that he performed in Osaka, Japan. He was promoted to the position of senior deputy director in 2008.

In 2013, he was transferred back to MIDA's headquarters in Kuala Lumpur and was placed in the foreign direct investment division as senior deputy director, where he worked closely with other departments within MIDA and relevant government agencies to develop and enhance policies, regulations and incentives to attract and retain foreign investments. From 2013 to 2023, he was placed in the metal & alloy metal division, the machinery & metal division and machinery & metal technology division, respectively, where he oversaw the development of metal and engineering supporting industries, attract foreign investments and enhance policies. He retired from MIDA as a senior deputy director in June 2023. On 1 November 2023, he joined Posco-Malaysia Sdn Bhd, a company engaged in the production of electro-galvanised iron in coil, and POSCO MKPC Sdn Bhd, a company acting as a steel service centre, as a consultant to provide advisory services.

He is a director and shareholder of various private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(iv) Ooi Gin Hui**
Independent Non-Executive Director

Ooi Gin Hui, a Malaysian aged 44, is our Independent Non-Executive Director. She was appointed to our Board on 23 August 2023. She graduated from University Tunku Abdul Rahman, Malaysia with a Bachelor of Commerce (Honours) in Accounting degree in 2006.

Ooi Gin Hui began her career in 2006 as an audit trainee with Leslie Yap & Co, where she was involved in providing audit and accounting services. She left Leslie Yap & Co as an audit senior in 2009 and joined GHJ Systems Berhad (“**GHJ**”), a company listed on the Main Market of Bursa Securities as an assistant accountant where she was responsible for accounting and finance matters of the company. In 2010, she was promoted to the position of finance manager, where she handled finance, corporate affairs, internal control matters of GHJ and its group of companies. In 2012, she joined Tanco Holdings Berhad, a company listed on the Main Market of Bursa Securities as finance manager and was promoted to the position of senior finance manager in 2013 and group financial controller in 2014, in which she managed the overall finance and accounting functions, internal control and oversaw the project development and corporate exercises undertaken by the company. She left Tanco Holdings Berhad in 2018.

In 2018, she joined ACO Group Berhad as its chief financial officer, where she oversaw the finance and accounting matters of the company, including financial planning, management of financial risks and financial reporting. She was involved in the process of the listing of ACO Group Berhad where the company was listed on the ACE Market of Bursa Securities on 18 March 2020. In October 2020, she left ACO Group Berhad and was involved in the Art of Living, a voluntary service organisation committed to humanitarian service.

On 1 September 2023, Ooi Gin Hui joined BTM Resources Berhad (“**BRB**”), a company listed on the Main Market of Bursa Securities as chief financial officer, where she oversees the finance and accounting matters of the BRB group of companies. On 25 October 2023, she was appointed as the independent non-executive director of Systech Bhd, a company listed on the ACE Market of Bursa Securities. She later resigned from her position as the chief financial officer of BRB on 15 July 2024. On 6 June 2024, she is appointed as the independent non-executive director of Saliran Group Berhad.

She is presently a partner in two limited liability companies and director of Systech Bhd and Saliran Group Berhad, details of which are set out in Section 5.2.4 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.3 Directors' shareholdings

The details of our Directors and their respective shareholdings in our Company before and after our IPO are as follows:

Directors	Before our IPO / As at LPD ⁽¹⁾				After our IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Seri Abdul Puhat Bin Mat Nayan	-	-	-	-	250,000	0.06	-	-
ES Teoh	135,813,500	50.00	135,813,500	50.00 ⁽³⁾	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾
Lee Bao Yu	-	-	-	-	1,044,000	0.27	-	-
CT Wong	135,813,500	50.00	135,813,500	50.00 ⁽³⁾	77,069,450	19.68	194,557,550	49.68 ⁽³⁾⁽⁴⁾
Dato' Haji Mohd Dusuki Bin Ya'acob	-	-	-	-	250,000	0.06	-	-
Vasu A/L Nallayan	-	-	-	-	1,200,000	0.31	-	-
Ooi Gin Hui	-	-	-	-	250,000	0.06	-	-

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 391,627,000 Shares after our IPO.
- (3) Deemed interested by virtue of his/her spouse's direct shareholdings in our Company.
- (4) Deemed interested by virtue of their shareholdings in Goodone pursuant to Section 8 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.4 Involvement of our Directors in other businesses / corporations

The following table sets out the directorships and shareholdings of our Directors outside our Group as at LPD (“**Present Involvement**”) and those which were held within the past 5 years up to LPD (“**Past Involvement**”):

(i) ES Teoh

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / partner</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present Involvement</u>				
Orient Development Sdn Bhd ⁽¹⁾	20 October 2005	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Property investment
TS Aqua Farm Sdn Bhd	23 February 2007	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 20.00%) 	Aquafarming and wholesale of seafood
Bagan Eco-Farm Sdn Bhd (“ Bagan Eco-Farm ”)	16 March 2007	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 37.50%) 	Property investment
Great Discovery Sdn Bhd	15 April 2008	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Investment holding. As at LPD, Great Discovery Sdn Bhd does not hold shares in any company
Special Gain Sdn Bhd (“ Special Gain ”)	27 September 2013	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Investment holding. As at LPD, Special Gain does not hold shares in any company
Luckie Holding Pte Ltd ⁽²⁾	27 January 2014	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 65.00%) 	Investment holding. As at LPD, Luckie Holding Pte Ltd does not hold shares in any company

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
TES & W Pty Ltd ⁽³⁾	17 June 2016	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Property investment
Kytta Kebun Sdn Bhd	18 May 2021	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 25.00%) 	Cultivation and sale of durian
Goodone	4 August 2023	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Investment holding. As at LPD, Goodone does not hold shares in any company
<u>Past Involvement</u>				
Dutch Dairy	9 September 2008	30 May 2023	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 0.40%) 	Ceased trading in milk powder operations on 31 October 2022
Bagan Tiang Aquatic Sdn Bhd	28 July 2010	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 10.00%) 	Aquaculture. Dissolved on 10 April 2023
Mazgazine Sdn Bhd	24 March 2016	22 May 2020	<ul style="list-style-type: none"> ▪ Director 	Web portals, publishing of newspapers, journals, magazines and periodicals in print or electronic form, other information service activities
Qaseh Hikmat Sdn Bhd	1 February 2018	15 March 2022	<ul style="list-style-type: none"> ▪ Director 	Durian plantation

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
Famp Sdn Bhd ("Famp")	22 January 2019	18 October 2021	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 30.00%) 	Wholesale, retail and trading in health supplements, vitamins and beauty products
Little Apple Baby Products PLT	28 August 2019	18 August 2020	<ul style="list-style-type: none"> ▪ Partner 	Has not commenced any operations – intended activities are retail sale of any kind of product over the internet; wholesale of a variety of goods without any particular specialisation; wholesale of textiles, clothing
OBV Lab Sdn Bhd (<i>formerly known as VK Lab Sdn Bhd</i>)	30 December 2022	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Has not commenced any operations - intended activities are manufacture of prepared animal feeds; wholesale of animal/pet food. Dissolved on 21 December 2023

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) Lee Bao Yu

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / partner</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present Involvement</u> Nil	Nil	Nil	Nil	Nil
<u>Past Involvement</u> Petavit Marketing	5 December 2019	7 February 2023	▪ Sole Proprietorship	Trading of pet supplements
Fruitlink Sdn Bhd	18 November 2020	15 November 2021	▪ Director	Retail sale of fresh or preserved vegetables and fruits; wholesale of fruits; wholesale of vegetables
B Bintang Trading Sdn Bhd (" B Bintang ")	17 February 2021	5 October 2022	▪ Director ▪ Shareholder (Direct: 40.00%)	Wholesale of a variety of goods without any particular specialization; other retail sale not in stores, stalls or markets; retail sale of any kind of product over the internet
Petavit Sdn Bhd (" Petavit ")	14 January 2022	31 May 2023	▪ Director ▪ Shareholder (Direct: 100.00%)	Retail sale of pet supplements over the internet
Pawtection Sdn Bhd	20 April 2022	29 September 2022	▪ Director	Retail sale of pet supplements over the internet. Currently in the process of striking off
Dutch Dairy	5 October 2022	30 May 2023	▪ Director	Ceased trading in milk powder operations on 31 October 2022
Pawfectional Pets Store	11 July 2022	12 July 2023	▪ Partner	Retails sale of pet product
OBV Lab Sdn Bhd (<i>formerly known as VK Lab Sdn Bhd</i>)	30 December 2022	-	▪ Director	Has not commenced any operations - intended activities are manufacture of prepared animal feeds; wholesale of animal/pet food. Dissolved on 21 December 2023

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) CT Wong

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / partner</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present Involvement</u>				
Orient Development Sdn Bhd ⁽¹⁾	20 October 2005	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Property investment
Bagan Eco-Farm	16 March 2007	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 12.50%) 	Property investment
Special Gain	10 December 2013	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Investment holding. As at LPD, Special Gain does not hold shares in any company
Goodone	4 August 2023	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Investment holding. As at LPD, Goodone does not hold shares in any company
TES & W Pty Ltd ⁽³⁾	6 September 2013	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Property investment
<u>Past Involvement</u>				
Dutch Dairy	-	-	<ul style="list-style-type: none"> ▪ Shareholder (Direct: 0.30%) 	Ceased trading in milk powder operations on 31 October 2022

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
Bonlife Health (Aus) Pty Ltd ⁽³⁾	3 November 2020	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Has not commenced any operations – intended to carry out retail sale of health products. Bonlife Health (Aus) Pty Ltd was deregistered on 4 September 2023
OBV Lab Sdn Bhd (<i>formerly known as VK Lab Sdn Bhd</i>)	30 December 2022	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 50.00%) 	Has not commenced any operations - intended activities are manufacture of prepared animal feeds; wholesale of animal/pet food. Dissolved on 21 December 2023
(iv) Dato' Seri Abdul Puhat Bin Mat Nayan				
Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
<u>Present Involvement</u>				
Pafa Holdings Sdn Bhd	29 January 2016	-	<ul style="list-style-type: none"> ▪ Director 	Sport promotion, event management and general trading
Essential Educare Sdn Bhd	4 February 2020	-	<ul style="list-style-type: none"> ▪ Director 	Operation of schools
UPSI Holdings Sdn Bhd	1 October 2020	-	<ul style="list-style-type: none"> ▪ Director 	Administrative educational services, and business and other applications
Royal Perak Golf Club Berhad	26 July 2021	-	<ul style="list-style-type: none"> ▪ Director 	Operation and management of golf and recreational club

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
Perak Agro Corporation Sdn Bhd	1 June 2022	-	▪ Director	Investment holding. Its subsidiaries are principally involved in amongst others, oil palm mill, property investment, farm and agriculture industries
<u>Past Involvement</u>				
Digital Perak Corporation Holdings	18 June 2012	31 December 2019	▪ Director	To act as a promotion arm for the state of Perak in the field of information and communication technology which include telecommunication & multimedia and carry out programme enhancing the information and communication technology prospects among the citizen and community in the state of Perak
(v) Dato' Haji Mohd Dusuki Bin Ya'acob				
Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
<u>Present Involvement</u>				
Kid Force Sdn Bhd	7 October 2020	-	▪ Director ▪ Shareholder (Direct: 40.00%)	Security systems; landscape care and maintenance service activities; investigation and detective activities

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
<u>Past Involvement</u>				
Nil	Nil	Nil	Nil	Nil
(vi) Vasu A/L Nallayan				
Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
<u>Present involvement</u>				
MRV Corporate Advisory Sdn Bhd	13 December 2023	-	<ul style="list-style-type: none"> ▪ Director ▪ Shareholder (Direct: 30.00%) 	Other management consultancy activities; secretarial support services
TP Tec Holding Berhad	-	-	<ul style="list-style-type: none"> ▪ Shareholder (Direct: 2.00%) 	Investment holding. Its subsidiaries are principally involved in sales, hire and maintenance of power generators and construction of machinery, provision of solar hybrid power system installation and related work, contractor and project management, engineering services and engineering work for telecommunication industry. Distribute filters to the transportation, construction, marine, mining, energy and agriculture industries.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
<u>Past Involvement</u>				
Nil	Nil	Nil	Nil	Nil
(vii) Ooi Gin Hui				
Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
<u>Present Involvement</u>				
Systemch Bhd	25 October 2023	-	<ul style="list-style-type: none"> ▪ Non-executive Director 	Investment holding. Its subsidiaries are principally involved in amongst others, software research and development, provision of the related software services and trade in software related peripherals
Saliran Group Berhad	6 June 2024	-	<ul style="list-style-type: none"> ▪ Non-executive Director 	Investment holding. Its subsidiaries are principally involved in supply and distribution of pipes, fittings and flanges as well as steel products primarily for the oil and gas industry
SLGO PLT	27 December 2017	-	<ul style="list-style-type: none"> ▪ Partner 	Has not commenced any operations – intended to carry out retail sale of any kind of product over the internet

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / partner	Position held / % of shareholding held	Principal activities
Unique SPRO Services PLT	5 July 2018	-	▪ Partner	Has not commenced any operations – intended to carry out other service activities; other management consultancy activities.; financial consultancy services
<u>Past Involvement</u>				
Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Orient Development Sdn Bhd was involved in two civil proceedings pertaining to a land dispute in the Shah Alam High Court, where the company has on 11 July 2024 filed an appeal before the Court of Appeal in respect of one of the civil proceedings. As at LPD, the appeal is still ongoing, ES Teoh and CT Wong have undertaken that they will make an application to change the name of the company upon completion and/or settlement of the appeal.
- (2) Incorporated in Singapore.
- (3) Incorporated in Australia.

The involvement of our Directors mentioned above in other principal activities outside of our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Director, as:

- (a) our Managing Director and Executive Director are not involved in the day-to-day operations of other business activities outside our Group. Their involvement, if any, will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group; and
- (b) our Non-Executive Directors are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Group will not affect their contributions to our Group as the principal activities of those companies are not similar to our Group's business.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**5.2.5 Directors' remuneration and material benefits-in-kind**

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration accrued for the year) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2023 and FYE 2024 and estimated for FYE 2025 are as follows:

(i) FYE 2023 (Actual)

	<u>Salaries</u>	<u>Directors'</u>	<u>Other</u>	<u>Allowances</u>	<u>Bonus</u>	<u>Benefits-in-</u>	<u>Total</u>
	(RM'000)	fees	emolument ⁽¹⁾	(RM'000)	(RM'000)	kind	(RM'000)
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Dato' Seri Abdul Puhat Bin Mat Nayan	-	-	-	-	-	-	-
ES Teoh	216	20	40	60	-	26	362
Lee Bao Yu	112	10	15	-	19	16	172
CT Wong	-	142	-	-	-	24	166
Dato' Haji Mohd Dusuki Bin Ya'acob	-	-	-	-	-	-	-
Vasu A/L Nallayan	-	-	-	-	-	-	-
Ooi Gin Hui	-	-	-	-	-	-	-

Note:

(1) Other emolument comprises EPF, Social Security Organisation and Employment Insurance Scheme.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) FYE 2024 (Actual)

	Salaries	Directors' fees	Other emolument ⁽¹⁾	Allowances	Bonus	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Dato' Seri Abdul Puhat Bin Mat Nayan	-	28 ⁽²⁾	-	1	-	-	29
ES Teoh	232	-	34	60	10	28	364
Lee Bao Yu	132	-	22	-	25	17	196
CT Wong	-	143	-	-	-	13	156
Dato' Haji Mohd Dusuki Bin Ya'acob	-	28 ⁽²⁾	-	1	-	-	29
Vasu A/L Nallayan	-	28 ⁽²⁾	-	1	-	-	29
Ooi Gin Hui	-	28 ⁽²⁾	-	1	-	-	29

Notes:

- (1) Other emolument comprises EPF, Social Security Organisation and Employment Insurance Scheme.
- (2) Based on their respective appointment date from 23 August 2023 up to 31 May 2024.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) FYE 2025 (Estimate)

	Salaries	Directors' fees	Other emolument ⁽¹⁾	Allowances	Bonus ⁽²⁾	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Dato' Seri Abdul Puhat Bin Mat Nayan	-	48	-	3	-	-	51
ES Teoh	232	-	34	60	-	28	354
Lee Bao Yu	192	-	33	-	-	17	242
CT Wong	-	143	-	-	-	13	156
Dato' Haji Mohd Dusuki Bin Ya'acob	-	48	-	3	-	-	51
Vasu A/L Nallayan	-	48	-	3	-	-	51
Ooi Gin Hui	-	48	-	3	-	-	51

Notes:

(1) Other emolument comprises EPF, Social Security Organisation and Employment Insurance Scheme.

(2) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

The remuneration for each of our Directors, which includes salaries, bonuses, Directors' fees and allowances as well as other benefits, is subject to annual review by our Remuneration Committee. Our Directors' fees must be approved by our shareholders at a general meeting.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.6 Board practices

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance (“MCCG”) which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have at least half of the Board comprising Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

5.2.7 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 25 August 2023 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Ooi Gin Hui	Chairperson	Independent Non-Executive Director
Dato’ Haji Mohd Dusuki Bin Ya’acob	Member	Independent Non-Executive Director
Vasu A/L Nallayan	Member	Independent Non-Executive Director

The main functions of our Audit and Risk Management Committee include among others:

- (i) to consider any matters concerning the appointment and re-appointment, the audit and non-audit fees and any questions of resignation or dismissal of external auditors;
- (ii) to review with the external auditors –
 - (a) audit plan, scope and nature of the audit of our Group;
 - (b) evaluation and findings of the system of risk management and internal controls;
 - (c) the management letter and management’s response with regard to the problems and reservations arising from their audits;
 - (d) audit reports on financial statements;
 - (e) the coordination of audits where more than one audit firm is involved; and
 - (f) any other matters that the external auditors wish to discuss (in the absence of management where necessary);
- (iii) to annually assess the suitability, objectivity and independence of the external auditors, taking into consideration –
 - (a) the adequacy of the experience, competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - (b) the persons assigned to the audit;
 - (c) the accounting firm’s audit engagements;
 - (d) the size and complexity of our Company being audited;
 - (e) the number and experience of supervisory and professional staff assigned to the particular audit;
 - (f) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - (g) assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (iv) to review the annual transparency report of the external auditors, if applicable;
- (v) to ensure the internal auditors are independent and objective, and have the relevant qualifications and be responsible for assuring our Audit and Risk Management Committee that the internal controls are operating effectively;
- (vi) to review the internal audit plan, processes and results of the internal audit assessments, and investigation undertaken and where necessary, ensure that appropriate and prompt action is taken by management on deficiencies in controls or procedures that are identified for the recommendations of the internal audit function;
- (vii) to review the adequacy and effectiveness of internal control systems, anti-corruption and whistle-blowing as evaluated, identified and reported by the management, internal auditors or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely;
- (viii) to review the quarterly and year-end financial statements of our Group before the approval by our Board, focusing particularly on the following –
 - (a) any changes in or implementation of major accounting policies changes and practices;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events and/or transactions, significant adjustments arising from the audit and how these matters are addressed; and
 - (c) compliance with accounting standards and other legal requirements;
- (ix) to assist our Board in effectively discharging its risk oversight responsibilities by monitoring and overseeing our Group's risk management and processes in identifying, evaluating, monitoring and managing significant risks within our Group;
- (x) to review our Group's risk management policy and implementation of the risk management framework;
- (xi) to ensure that our Board establishes a framework/policy to identify, evaluate, approve and report related party transactions;
- (xii) to perform the following in relation to the sustainability –
 - (a) oversee and review the development and implementation of our Company's sustainability vision, strategy, framework, initiatives, policies and practices, and explore ways to incorporate them into our Company's overall operations and business goals;
 - (b) regularly review the sustainability framework of our Company which is grounded in the Environmental, Social and Governance (ESG) pillars, to ensure its alignment with evolving local and global sustainability trends and developments, while also confirming its feasibility within our Company's existing resources and capabilities; and
 - (c) to assist our Board with regard to the disclosures in the Sustainability Statement to be included in our Company's Annual Report.
- (xiii) to assess all the disclosed conflicts by our Directors and key senior management, to evaluate their nature, significance and potential impact on our Group. During the process of evaluating and handling the conflict of interest, our Audit and Risk Management Committee has the authority to seek independent advice or opinions to aid in their evaluation;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (xiv) to report promptly to Bursa Securities on any matter which has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (xv) to verify the allocation of options under a share issuance scheme or the allocation of shares according to any incentive plan for employees of our Group, if any;
- (xvi) to review and conduct an annual performance evaluation of the internal and external auditors in respect of each financial year under review;
- (xvii) to prepare our Audit and Risk Management Committee report at the end of the financial year for inclusion in the annual report of our Company; and
- (xviii) to carry out such other functions or assignments as may be delegated by our Board from time to time.

5.2.8 Nomination Committee

Our Nomination Committee was established on 25 August 2023 and its members are appointed by our Board. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Dato' Haji Mohd Dusuki Bin Ya'acob	Chairperson	Independent Non-Executive Director
Ooi Gin Hui	Member	Independent Non-Executive Director
Vasu A/L Nallayan	Member	Independent Non-Executive Director

The main functions of our Nomination Committee include among others:

- (i) to review, assess, and recommend suitable candidates for appointment as Directors of our Company, as well as retiring Directors seeking re-election at the annual general meeting. When making recommendations to our Board regarding directorship or reappointment, our Nomination Committee must consider the "Fit and Proper Criteria" outlined in our Company's Directors' Fit and Proper Policy. These criteria include, but are not limited to –
 - (a) diversity in skills, knowledge, expertise, experience, age, cultural background and gender;
 - (b) competence and professionalism;
 - (c) character and integrity;
 - (d) time and commitment;
 - (e) any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
 - (f) in the case of candidates for the position of Independent Director, the committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from an Independent Director;
- (ii) to evaluate the necessary mix of skills, experience, core competencies, and diversity (including age, cultural background, and gender) of our Board and its committees. Our Nomination Committee will assess the contribution and performance of each Director to ensure our Board and its committees operate effectively and efficiently;
- (iii) to review the size, structure, balance, and composition of our Board to ensure optimal performance;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (iv) to identify and review the core competence, skills and other qualities including but not limited to the skills, knowledge, experience and diversity required by each of the Non-Executive Directors, that are essential to contribute towards the effectiveness and balance of our Board;
- (v) to assess each Director's ability to contribute to our Board's decision-making process and ensure that our Board operates actively, efficiently, and effectively in all its decision-making;
- (vi) to conduct an annual review of the term of office and performance of our Audit and Risk Management Committee and each of its members to assess whether our Audit and Risk Management Committee and its members have fulfilled their duties in accordance with their terms of reference;
- (vii) to evaluate annually the effectiveness of our Board and Board committees as a whole for assessing the contribution to the effectiveness of the decision-making process of our Board;
- (viii) to review and assess annually the independence of our Independent Non-Executive Directors;
- (ix) to review, consider and make recommendations regarding the continuation in office of Independent Non-Executive Directors who have served for more than 9 years;
- (x) to oversee the development of succession planning of our Board and key senior management;
- (xi) to assess and recommend the re-election of Directors who are due to retire in accordance with our Constitution;
- (xii) to remain up-to-date and fully informed about strategic issues and commercial changes that impact our Company and the market in which it operates; and
- (xiii) to carry out such other functions or assignments as may be delegated by our Board from time to time.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.9 Remuneration Committee

Our Remuneration Committee was established on 25 August 2023 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Vasu A/L Nallayan	Chairperson	Independent Non-Executive Director
Ooi Gin Hui	Member	Independent Non-Executive Director
Dato' Haji Mohd Dusuki Bin Ya'acob	Member	Independent Non-Executive Director

The main functions of our Remuneration Committee include among others:

- (i) to review and recommend to our Board the appropriate remuneration packages for all Directors, with or without professional advice;
- (ii) to review and recommend fees and benefits payable to the Directors;
- (iii) to assist our Board in formulating policies and guidelines for the composition of various components of remuneration such as basic salary, bonus, and other benefits for Directors and key senior management of our Company;
- (iv) to ensure that remuneration packages and benefits for Directors and key senior management of our Company align with our Company's business strategies, long-term objectives, and remuneration policy, as well as comply with all laws, rules, regulations, and guidelines set by relevant authorities and our Board;
- (v) to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and key senior management of our Company, which considers the demands, complexities, and performance of our Company, as well as the skills and experience required;
- (vi) to implement our Board's remuneration policy and procedures in a transparent process, including reviewing and recommending matters related to the remuneration of our Board and key senior management;
- (vii) to ensure that the level of remuneration packages is fair and appropriate according to the industry, general market sentiments, or conditions, and our Company's operating results, as well as our Directors or key senior management's merit, qualification, competence, and individual performance;
- (viii) to ensure that appropriate rewards, benefits, compensation, and remuneration are offered to retain Directors, and structuring remuneration packages to link rewards to individual performance; and
- (ix) to carry out any other functions delegated by our Board that would benefit our Company and ensure the effective discharge of the Remuneration Committee's duties and responsibilities.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Key Senior Management team

Our Key Senior Management comprises the following:

<u>Name</u>	<u>Age</u>	<u>Nationality / Gender</u>	<u>Designation</u>
Faun Chee Yarn	64	Malaysian / Male	Financial Controller
Lew Yoke Chin	42	Malaysian / Female	General Manager
Lee Chee Keat	42	Malaysian / Male	R&D Manager
Lee Kok Onn	63	Malaysian / Male	Factory Manager
Pang Poh Lye	63	Malaysian / Female	Legal Manager
Yap Weng Fong	48	Malaysian / Female	Production Manager

5.3.2 Profiles of our Key Senior Management

The profiles of our Key Senior Management are as follows:

(i) **Faun Chee Yarn**
Financial Controller

Faun Chee Yarn, a Malaysian aged 64, is our Financial Controller. He graduated from Universiti Sains Malaysia with a Bachelor of Social Science (Honours) in 1987. He has been a member of the Association of Chartered Certified Accountants (“ACCA”) and the Malaysian Institute of Accounts since 1992, a fellow of ACCA since 1997 and a certified financial planner of the Financial Planning Association of Malaysia since 2002.

Faun Chee Yarn began his career in 1987 as a lecturer in Goon Institution (Perak) Sdn Bhd, an education placement centre, where he provided lectures on accounting subjects to pre-university students. In 1988, he joined Raja Salleh, Lim & Co, an accounting firm, as an audit assistant, where he was responsible for the statutory audits for various companies. In 1990, he joined Jasa Kita Berhad, an investment holding company whose subsidiaries are principally involved in amongst others, trading in electric motors and provision of related engineering services and sale and distribution of power tools and other industrial equipment, as an assistant accountant, where he was responsible for the accounting matters of the company. In 1993, he joined Spanco Sdn Bhd, a company involved in fleet management for the supply and lease of saloon vehicles, as a financial accountant, where he was responsible for the finance and accounting matters of the company as well as setting up the accounting system and procedures for the company. In 1996, he was promoted to be the general manager and was placed in charge of the business development of the company, including negotiating agreements and contracts. In 1998, he was transferred to the fleet rental services department where he took charge of the rental and leasing of the fleet of cars operated by the company. Subsequently in 2000, he was transferred to the insurance department, where he was responsible for managing the company’s fleet related insurances and claims.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He left Spanco Sdn Bhd in 2007 and joined KS Secondary Fibre Suppliers Sdn Bhd, a company involved in providing recycling solutions, as a financial controller, where he managed the finance and accounting matters of the company. In 2019, he left KS Secondary Fibre Suppliers Sdn Bhd and joined KPS Consortium Berhad, an investment holding company whose subsidiaries are principally involved in amongst others, trading of plywood and building materials, manufacturing of tissue papers and tissue related products and trading in paper products, stationery and general household products, as their executive director, where he oversaw the operations of KPS Consortium Berhad and its group of companies. Thereafter in 2020, he joined DXN Holdings Berhad, an investment holding and management company whose subsidiaries are principally involved in the sales of health-oriented and wellness consumer products through a direct selling model, as a finance personnel where he mainly took charge of project costing for the projects undertaken by the company. He left DXN Holdings Berhad in 2021 and joined our Group in May 2022 as Financial Controller, where he is responsible for among others, the preparation of our Group's financial and accounting reporting and managing the accounts department's day-to-day functions, the management of cash flows and funding needs of our Group, tax-related matters as well as human resource and administrative matters of our Group. Prior to Faun Chee Yarn joining our Group as our Financial Controller in May 2022, ES Teoh together with Lee Bao Yu oversaw the finance related matters of our Group. Upon Faun Chee Yarn joining our Group as our Group's Financial Controller in May 2022, Lee Bao Yu ceased to handle our Group's finance matters, while Faun Chee Yarn reports all finance related matters directly to our Managing Director.

(ii) Lew Yoke Chin
General Manager

Lew Yoke Chin, a Malaysian aged 42, is our General Manager. She graduated from Universiti Teknologi Malaysia with a Bachelor of Science with Education (Biology) degree in 2004.

Lew Yoke Chin began her career in 2004 as a product development executive with Esthetics International Group Berhad, where she was responsible for developing new products or improve product formulation for cosmetics. She also liaised with the relevant authorities for product registrations on behalf of the company.

In 2005, she joined our Group as a microbiologist, where she was mainly responsible for the cultivation of probiotics or enzyme fermentation protocols for fortified beverages and dietary supplements. She set up the protocols to ensure the stability and efficacy of the probiotics and enzyme fermentation of the products. In 2006, she was promoted to be our Group's R&D executive, where she worked closely with the marketing team of our Group in generating new and improved ideas for product formulation that address customer needs and emerging trends. In 2009, she was promoted to the position of production manager of our Group, where she was responsible for monitoring the entire production process of our Group, including production planning, process improvement, inventory management and production capacity planning to ensure efficiency, quality and timely delivery of products. In 2016, she was promoted to be the production cum senior manager, where she assumed added responsibility for the sales and marketing activities of our Group, including developing and implementing strategic marketing plans to achieve sales target and actively sourcing for new suitable distributors and assessing new marketing prospects through e-commerce platforms to increase our Group's sales revenue. In 2022, she was promoted to the position of General Manager, where she oversees the sales, marketing and manufacturing department of our Group and leads our Group's business development activities, implements new strategic marketing plans and opens new markets for the products.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**(iii) Lee Chee Keat**
R&D Manager

Lee Chee Keat, a Malaysian aged 42, is our R&D Manager. He graduated from Universiti Kebangsaan Malaysia with a Bachelor of Science Nutrition (Honours) degree in 2006. He is a member of Nutrition Society of Malaysia since March 2024 and has been registered as a nutritionist by the Malaysian Allied Health Professions Council, Ministry of Health Malaysia in June 2024.

Lee Chee Keat began his career in 2006 as a nutritionist and product trainer with Kaslynnet (M) Sdn Bhd, a company involved in the selling of health food products, where he was responsible for educating others, such as employees and customers of the company, about the new health products launched by the company, nutrition-related topics and promoting the company's products related to health and nutrition.

In 2007, he joined our Group as a nutritionist, where he was responsible for managing the health and wellness events organised by our Group or customers through which he provided the public about nutrition-related topics. In 2009, he was promoted to the position of quality assurance cum research & development manager, where he was responsible for overseeing initiatives of the quality department. Through his contributions, various quality control procedures have been developed and implemented to ensure the consistency and purity of the products. He also conducted regular inspections and testing to verify that the products are in compliance with the relevant rules and regulations and are safe for consumption. Apart from that, he set up an in-house research team for the purpose of conducting in-house research, analysis and developing new fortified beverages and dietary supplements for our Group. Our Group's in-house research team are involved in new product formulation for fortified beverages and dietary supplements that align with consumer health needs and market trends. Once the new products are formed, the in-house research team will liaise with the relevant authorities for product registration such as MAL certificates for newly formulated dietary supplements, HACCP and HALAL certificates. In 2019, he was promoted to the position of R&D Manager, where he oversees and leads our Group's research and development department. He will continue to spearhead the efforts to conduct research in and to develop more new product formulations for fortified beverages and dietary supplements for our Group

(iv) Lee Kok Onn
Factory Manager

Lee Kok Onn, a Malaysian aged 63 is our Factory Manager. He graduated from Tunghai University, Taiwan with a Bachelor of Business Administration degree in 1986.

He began his career in 1988 by joining Finecast Industrial (M) Sdn Bhd as a manager, where he was involved in overseeing and coordinating the daily production activities, supervising production staff and ensuring that the company's products meet quality standards. In 1990, he joined Jiann Lih Optical Co. (M) Sdn Bhd as a manager, where his job scope was similar to the role that he performed as manager in Finecast Industrial (M) Sdn Bhd. Thereafter in 1994, he joined Classic Frame Moulding Sdn Bhd as a planning manager, where he developed and implemented strategic plans for the company, oversaw the development of operational planning, budgeting and forecasting initiatives of the company and helped to ensure that the planning activities complied with relevant laws, regulations and industry standards. During the period from 1999 to 2009, he was with Scenic Moulding (M) Sdn Bhd and Smith International Company Limited (China) as a production manager, where his job scope was similar to the role that he performed with Classic Frame Moulding Sdn Bhd.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He was employed by SCI Cabinet Industry Sdn Bhd as a factory manager in 2009, Unilever Foods (Malaysia) Sdn Bhd as assistant manufacturing manager in 2010 and Benelli Keeway Industrial (M) Sdn Bhd as operation manager in 2012, where he oversaw the production control department of the respective companies. In 2017, he left Benelli Keeway Industrial (M) Sdn Bhd and attended a tourist guide course. Upon completion of the tourist guide course, he joined Stadthuys Holidays Sdn Bhd as a tour guide in 2019. In 2020, he left Stadthuys Holidays Sdn Bhd and joined our Group as a business development manager and was re-designated as our Factory Manager in 2022, where he now oversees all aspects of our Group's factory operations including among others, production management, quality assurance, health and safety compliance, inventory control and staff management and ensures that the factories comply with all relevant laws, regulations and industry standards.

(v) Pang Poh Lye
Legal Manager

Pang Poh Lye, a Malaysian aged 63, is our Legal Manager. She graduated from the University of London with a Bachelor of Laws (Honours) degree in 1997, and she subsequently obtained a certificate in legal practice in 1998. She was called to the Malaysian Bar as an advocate and solicitor in 1999.

Pang Poh Lye began her career in 1982 as a tax assistant with Kassim Chan Taxation Services, where she assisted in the preparation of tax filings for individuals and companies. In 1987, she left Kassim Chan Taxation Services and joined Saw & Co as a tax assistant where she supported the tax department of the firm in various tasks related to tax compliances. In 1991, she joined Tan & Co as a senior tax assistant, where her job scope was similar to the role that she performed in Saw & Co.

In 1994, she left Tan & Co to pursue her law degree at the University of London. In 1998, she commenced her pupillage with Nordin Torji & Yussuf Ahmad, where she handled mainly property conveyancing and banking matters. Upon completion of her pupillage, she joined Ghani & Co as a legal assistant and continued handling property conveyancing and banking matters. In 2003, she left Ghani & Co and joined our Group as an administrative staff, where she provided support to various departments in our Group such as handling our Group's applications for licences, certifications and trademarks and ensuring our Group is in compliance with various laws and regulations governing our Group's business. She also reviewed our Group's contracts such as sale and purchase agreements, tenancy agreements and financing documents.

In 2009, she became the personal assistant to ES Teoh, in which she continued with her administrative duties and also now assists ES Teoh in liaising with various departments within our Group for internal documentations.

In 2022, Pang Poh Lye was redesignated to the position of Legal Manager, where she continues to provide legal advice to our Group and ensures our Group is in compliance with the relevant rules and regulations governing our Group's business.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vi) Yap Weng Fong
Production Manager

Yap Weng Fong a Malaysian aged 48, is our Production Manager. She completed her secondary school education at Sekolah Menengah Kebangsaan (Perempuan) Jalan Ipoh in 1992.

Yap Weng Fong began her career in 1993 as a production worker in New Era Enterprise Sdn Bhd involved in the manufacturing of marker pen. She left the company in 1995 and took a career break thereafter. In 1996, she joined Ikon Industries Sdn Bhd as a production worker, where she was involved in various types of machinery and equipment operations used in the car starter system manufacturing process. She monitored and helped to ensure the smooth operation of the production line.

She joined our Group as a production worker in 2001, where she was responsible for the operation of various types of machinery and equipment used in the production of fortified beverages and dietary supplements. In 2005, she was promoted to the position of production supervisor, where she helped to oversee the production activities of our Group. In 2009, she was re-designated to be an assistant quality assurance manager, where she continued to ensure that the fortified F&B and dietary supplements produced by our Group meet the required quality standards. Thereafter in 2011, she was promoted to become assistant production manager, where she assisted the production manager in the planning of day-to-day production activities of our Group including among others, production planning, resources allocation, quality control and coordinating with other departments such as procurement, maintenance, logistics and inventory.

In 2019, she was promoted to her current position of Production Manager and in this capacity she is responsible for the overall day-to-day production activities of our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3.3 Shareholdings of our Key Senior Management

The following table sets forth the direct and indirect shareholdings of our Key Senior Management before and after our IPO, assuming each of our Key Senior Management will subscribe for their respective Pink Form Allocation:

Name	Before our IPO / As at LPD ⁽¹⁾				After our IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽³⁾	No. of Shares	%
Faun Chee Yarn	-	-	-	-	400,000	0.10	-	-
Lew Yoke Chin	-	-	-	-	100,000	0.03	-	-
Lee Chee Keat	-	-	-	-	60,000	0.02	-	-
Lee Kok Onn	-	-	-	-	80,000	0.02	-	-
Pang Poh Lye	-	-	-	-	100,000	0.03	-	-
Yap Weng Fong	-	-	-	-	21,000	0.01	-	-

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 391,627,000 Shares after our IPO.
- (3) Assuming our Key Senior Management will fully subscribe for their respective allocation under the Pink Form Allocation.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3.4 Involvement of our Key Senior Management in other businesses/corporations

Save as disclosed below, none of our Key Senior Management has any principal directorships and/or shareholdings outside our Group as at LPD and in the past 5 years preceding the LPD:

(i) Faun Chee Yarn

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present Involvement</u>				
Nil	Nil	Nil	Nil	Nil
<u>Past Involvement</u>				
KPS Consortium Berhad	1 November 2008	30 June 2020	▪ Director	Investment holding. Its subsidiaries are principally involved in amongst others, trading of plywood and building materials, manufacturing of tissue papers and tissue related products and trading in paper products, stationery and general household products
I' Kranji Industries Sdn Bhd	14 February 2020	8 January 2021	▪ Director	Manufacturing and trading of printed laminated plywood
Health Benefits Dot Com	26 July 2002	20 November 2022	▪ Sole proprietorship	Trading in health foods, financial planning services, life and general insurance agency

The involvement of our Key Senior Management mentioned above in other business activities outside of our Group will not affect his commitment and responsibilities to our Group as he is not involved in the day-to-day operations of other business activities outside our Group. His involvement, if any, will not affect his ability to perform his roles and responsibilities as well as his contribution to our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3.5 Key Senior Management remuneration and material benefits-in-kind

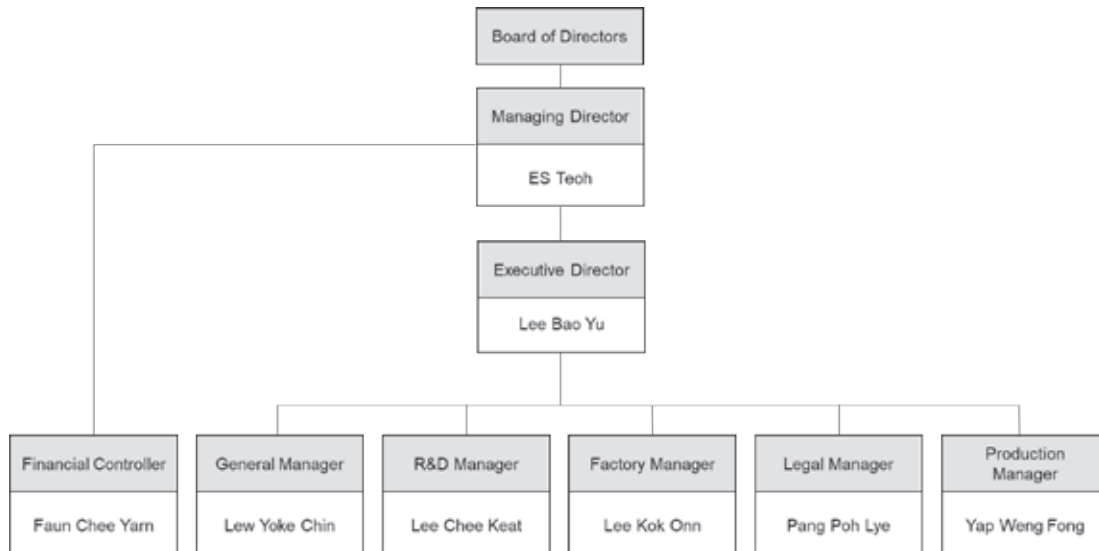
The aggregate remuneration and material benefits-in-kind (including any contingent and deferred remuneration) paid and proposed to be paid to our Key Senior Management for services rendered in all capacities to our Group for FYE 2023 and FYE 2024 and estimated for FYE 2025 are as follows:

Key Senior Management	Remuneration band		
	FYE 2023 (Actual) (RM'000)	FYE 2024 (Actual) (RM'000)	FYE 2025 (Estimate) (RM'000)
Faun Chee Yarn	150-200	150-200	150-200
Lew Yoke Chin	100-150	150-200	150-200
Lee Chee Keat	100-150	100-150	100-150
Lee Kok Onn	50-100	50-100	50-100
Pang Poh Lye	100-150	100-150	100-150
Yap Weng Fong	50-100	50-100	50-100

The above remuneration comprises salaries, bonuses, emoluments and allowances.

5.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Our Promoters, Directors and Key Senior Management have confirmed that, as at LPD, he or she is not and has not been involved in any of the following events (whether within or outside Malaysia) save as disclosed below:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency law was filed (and not struck out) against him/her or any partnership in which he/she was a partner or any corporation of which he/she was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against him/her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, he/she was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

Dato' Haji Mohd Dusuki Bin Ya'acob ("**Dato' Haji Mohd Dusuki**") has confirmed that a final judgment in default of appearance has been entered against him on 21 July 2023 for the sum of RM1,628,899.27 in connection with Kuala Lumpur High Court Civil Suit No. WA-22M-1147-06/2023 commenced by Bank Muamalat Malaysia Berhad ("**Bank Muamalat**"). The final judgment relates to a claim by Bank Muamalat for outstanding instalment payments amounting to RM9,656.14 due and payable in respect of a property financing facility of the principal loan amount of RM466,900.00 ("**Loan Facility**") granted by Bank Muamalat to himself and his son, Mohd Faiz Hafizuddin Bin Mohd Dusuki ("**Borrowers**"), to part finance the purchase of a property. The Borrowers have since settled the outstanding instalment payments and regularised servicing of the Loan Facility and hence no enforcement action of the judgment obtained by Bank Muamalat has to date been pursued by Bank Muamalat.

Our Board is of the view that the above case will not affect the ability of Dato' Haji Mohd Dusuki to discharge his duties and obligations as our Independent Non-Executive Director or affect his eligibility or suitability to act as an Independent Non-Executive Director of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no other family relationships and/or associations between any of our Promoters, Substantial Shareholders, Directors and Key Senior Management:

- (i) ES Teoh and CT Wong are spouse;
- (ii) Lee Bao Yu is the daughter-in-law of ES Teoh and CT Wong; and
- (iii) ES Teoh and CT Wong are directors and shareholders of Goodone.

5.7 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any member of our Key Senior Management with our Group.

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6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 Background and history

Our Company was incorporated in Malaysia under the Act as a private limited company on 1 June 2023 under the name of OB Holdings Sdn Bhd. On 21 August 2023, our Company was converted into a public limited company.

6.1.2 Principal place of business

The principal place of business of our Company is at No. 37, Jalan PS 3, Taman Industri Prima Selayang, 68100 Batu Caves, Selangor, Malaysia.

6.1.3 Principal activities

Our company is principally an investment holding company. The principal activities of our subsidiaries are set out in Section 6.3 of this Prospectus.

6.1.4 Share capital and changes in share capital

As at LPD, our issued share capital is RM27,163,600.00 comprising 271,627,000 ordinary shares. The changes in our issued share capital since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares	Consideration	Cumulative issued share capital (RM)
1 June 2023	1,000	Cash	1,000
21 June 2024	271,626,000	Otherwise than cash	27,163,600

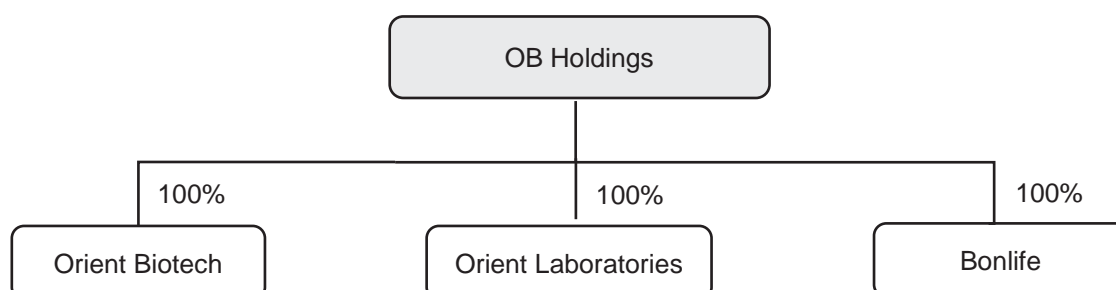
There were no discounts, special terms or installment payment terms given in consideration of the allotment.

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM55,963,600.00 comprising 391,627,000 Shares.

6.2 OUR GROUP

Our current corporate Group structure is illustrated below:



Upon the completion of Acquisitions on 21 June 2024, our Group was formed. Further details on the Acquisitions are set out in Section 4.1.1 of this Prospectus.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3 OUR SUBSIDIARIES

As at LPD, we have 3 subsidiaries and we do not have any associated company. The details of our subsidiaries are set out below:

Company name	Date / Place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
Orient Biotech	4 April 1995 / Malaysia	Malaysia	1,000,000.00	100.00	Provision of manufacturing services of fortified F&B to third party brand owners; manufacturing of fortified F&B under its house brands; as well as trading of related products
Orient Laboratories	12 October 1999 / Malaysia	Malaysia	300,000.00	100.00	Product development and research and development for fortified F&B and dietary supplements; provision of manufacturing services of dietary supplements to third party brand owners; manufacturing of dietary supplements under its house brands; as well as packing of related products
Bonlife	24 November 2004 / Malaysia	Malaysia	100,000.00	100.00	Sales and marketing of fortified F&B and dietary supplements under its house brands

6.3.1 Orient Biotech

(i) Background and history

Orient Biotech was incorporated on 4 April 1995 in Malaysia under the Companies Act 1965 as a private limited company under the name of Orient Group Sdn Bhd and is deemed registered under the Act. It subsequently changed its name to Orient Biotech on 29 July 2003.

6. INFORMATION ON OUR GROUP (CONT'D)**(ii) Principal place of business**

The principal place of business of Orient Biotech is at No. 37, Jalan PS 3, Taman Industri Prima Selayang, 68100 Batu Caves, Selangor, Malaysia.

(iii) Principal activities

Orient Biotech is principally involved in the provision of manufacturing services of fortified F&B to third party brand owners; manufacturing of fortified F&B under its house brands; as well as trading of related products.

(iv) Share capital

As at LPD, the issued share capital of Orient Biotech is RM1,000,000.00 comprising 1,000,000 ordinary shares. For the Financial Years under Review and up to the LPD, there has been no changes to the issued share capital of Orient Biotech. Orient Biotech does not have any outstanding warrants, options, convertible securities or uncalled capital.

(v) Shareholder and director

As at LPD, Orient Biotech is our wholly-owned subsidiary and its directors are ES Teoh, CT Wong and Lee Bao Yu.

(vi) Subsidiary or associated company

As at LPD, Orient Biotech does not have any subsidiary or associated company.

6.3.2 Orient Laboratories**(i) Background and history**

Orient Laboratories was incorporated on 12 October 1999 in Malaysia under the Companies Act 1965 as a private limited company under the name of Greenfood Worldwide Sdn Bhd and is deemed registered under the Act. It subsequently changed its name to Orient Laboratories on 17 June 2003.

(ii) Principal place of business

The principal place of business of Orient Laboratories is at No. 37, Jalan PS 3, Taman Industri Prima Selayang, 68100 Batu Caves, Selangor, Malaysia.

(iii) Principal activities

Orient Laboratories is principally involved in the product development and research and development for fortified F&B and dietary supplements; provision of manufacturing services of dietary supplements to third party brand owners; manufacturing of dietary supplements under its house brands; as well as packing of related products.

(iv) Share capital

As at LPD, the issued share capital of Orient Laboratories is RM300,000.00 comprising 300,000 ordinary shares. For the Financial Years under Review and up to the LPD, there has been no changes to the issued share capital of Orient Laboratories. Orient Laboratories does not have any outstanding warrants, options, convertible securities or uncalled capital.

6. INFORMATION ON OUR GROUP (CONT'D)

(v) Shareholder and director

As at LPD, Orient Laboratories is our wholly-owned subsidiary and its directors are ES Teoh, CT Wong and Lee Bao Yu.

(vi) Subsidiary or associated company

As at LPD, Orient Laboratories does not have any subsidiary or associated company.

6.3.3 Bonlife

(i) Background and history

Bonlife was incorporated on 24 November 2004 in Malaysia under the Companies Act 1965 as a private limited company under the name of Orient Pharmatech Sdn Bhd and is deemed registered under the Act. It subsequently changed its name to GF Biofuel Industries Sdn Bhd on 18 October 2006 before assuming its current name with effect from 4 March 2008.

(ii) Principal place of business

The principal place of business of Bonlife is at C-1-13A, 162 Residency, KM 12, Jalan Ipoh-Rawang, 68100 Batu Caves, Selangor, Malaysia.

(iii) Principal activities

Bonlife is principally involved in the sales and marketing of fortified F&B and dietary supplements under its house brands.

(iv) Share capital

As at LPD, the issued share capital of Bonlife is RM100,000.00 comprising 100,000 ordinary shares. For the Financial Years under Review and up to the LPD, there has been no changes to the issued share capital of Bonlife. Bonlife does not have any outstanding warrants, options, convertible securities or uncalled capital.

(v) Shareholder and director

As at LPD, Bonlife is our wholly-owned subsidiary and its directors are ES Teoh, CT Wong and Lee Bao Yu.

(vi) Subsidiary or associated company

As at LPD, Bonlife does not have any subsidiary or associated company.

6. INFORMATION ON OUR GROUP (CONT'D)**6.4 MATERIAL INVESTMENTS AND DIVESTITURES****6.4.1 Material investments**

Our Group's material investments in Malaysia for the Financial Years Under Review and up to the LPD are as follows:

Descriptions	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Plant and Machinery	-	-	440	1,349	-
Motor Vehicle	-	-	563	-	-
Leasehold Land	-	13,483	-	-	-
Capital work in progress	-	-	-	2,608	225
Total	-	13,483	1,003	3,957	225

During the FYE 2022, our material investment incurred for leasehold land amounted to RM13.48 million, was the purchase of New Serendah Land for the purpose of business expansion. Please refer to Sections 4.4.1 and 7.14.1 of this Prospectus for further details on the New Serendah Land.

During the FYE 2023, our material investments comprised of the purchase of a machine amounted to RM0.44 million for the use of factory operations and purchase of a motor vehicle amounted to RM0.56 million for the use of transportation.

During the FYE 2024, our material investments comprised of the purchase of a machine amounted to RM1.35 million for the use of factory operations and the capital work in progress for the construction of our New Serendah Factory on the New Serendah Land amounted to RM2.61 million.

From 1 June 2024 up to the LPD, our material investments comprised of capital work in progress for the construction of our New Serendah Factory on the New Serendah Land amounted to RM0.23 million.

The above investments were primarily financed by a combination of bank borrowings and internally generated funds.

6.4.2 Material divestitures

Our Group's material divestitures in Malaysia for the Financial Years Under Review and up to the LPD are as follows:

Descriptions	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold Land	-	-	3,159	-	-
Building	-	-	2,398	-	-
Total	-	-	5,557	-	-

6. INFORMATION ON OUR GROUP (CONT'D)

The material divestures for the FYE 2023 includes the disposal of investment properties and right-of-use asset as set out below:

- (i) 2 pieces of leasehold lands held under PM 284 Lot 3356 and PM 285 Lot 3357, both in Mukim Jasin, Daerah Jasin, Negeri Melaka, measuring 366 sq. mt., respectively, together with a factory erected thereon at NBV of RM0.36 million;
- (ii) freehold agriculture vacant lands held under Geran Mukim 5439, Lot 1344 and Geran Mukim 8061, Lot 86003, both in Mukim Rawang, Daerah Gombak, Negeri Selangor measuring 1.2014 hectares and 0.8183 hectares respectively, at NBV of RM3.16 million;
- (iii) piece of leasehold land held under H.S.(M) 17969, PT 29434, Mukim Batu, Daerah Gombak, Negeri Selangor together with a 3 storey terrace factory erected thereon at NBV of RM0.42 million; and
- (iv) all that parcel of retail unit held under strata title Geran 73333/M1/2/220, Petak No. 220, Tingkat No. 2, Bangunan No. M1, Lot 1283 Seksyen 69, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur located at Unit 1-85, Kompleks Kenanga Wholesale City, No. 2, Jalan Gelugor, 55200 Kuala Lumpur at NBV of RM1.62 million.

6.5 MATERIAL PROPERTY, PLANT AND EQUIPMENT

Please refer to Annexure A of this Prospectus for the material property, plant and equipment of our Group.

As at LPD, the material properties owned and rented by our Group as disclosed in Annexure A of this Prospectus are not in breach of any land use conditions and are in compliance with current statutory requirements, land rules, building regulations or by-laws, the breach or non-compliance of which would have a material adverse impact on the operations of our Group.

6.6 MAJOR LICENCES, APPROVALS AND PERMITS

Please refer to Annexure B of this Prospectus for the major licences, approvals and permits obtained by our Group for our business of operations and the status of compliance.

Our Group has obtained all the required major licences, approvals and permits for our business operations. As at LPD, save for the condition imposed by MITI to comply with full-time workforce consisting of 80% Malaysian citizens as disclosed in No. 9 of Annexure B of this Prospectus, in relation to which our Group will endeavour to comply with such condition within the stipulated timeframe, our Group has complied with all the major conditions imposed under the major licences, approvals and permits as disclosed in Annexure B of this Prospectus.

In respect of the major licences, approvals and permits for which the validity periods are less than 12 months as disclosed in Annexure B of this Prospectus, our Group will submit applications for renewal within the stipulated periods prior to expiration of the licences to ensure continuous usage of the licences, approvals and permits. Our Group does not foresee any issue in the renewal of the licences, approvals and permits. In the event that the licences, approvals and permits are not renewed or obtained, our Group may not be able to conduct our business as usual.

Save as disclosed in Annexure B of this Prospectus, our Group is not dependent on any major licences, permits and approvals for our business operations.

6. INFORMATION ON OUR GROUP (CONT'D)

6.7 BRAND NAMES, TRADEMARKS, PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

Please refer to Annexure C of this Prospectus for the brand names, trademarks, patents and other intellectual property rights of our Group.

In the event the registered trademarks as disclosed in Annexure C of this Prospectus are not renewed and/or the applications for registration of the trademarks with MyIPO are not successful, our Group does not foresee any material impact to our Group's business operations and financial performance as our Group is not dependent on the registered trademarks as disclosed in Annexure C of this Prospectus for our Group's business operations.

6.8 MATERIAL REGULATORY REQUIREMENTS

Please refer to Annexure D of this Prospectus for the material laws and regulations that are relevant to the business operations of our Group.

6.9 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at LPD, our Group is not materially dependent on any contracts, arrangements or any matters that could affect our business or profitability.

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7. BUSINESS OVERVIEW

7.1 OVERVIEW AND HISTORY

The history of our Group can be traced back to 1995 when Orient Group Sdn Bhd (incorporated on 4 April 1995) was acquired as a shelf company by ES Teoh and CT Wong on 13 April 1995 to carry out the activity of supplying food ingredients to beverages and dietary supplements manufacturers from a rented factory lot in Selayang ("**Rented Selayang Factory**") measuring approximately 3,000 sq. ft. Orient Group Sdn Bhd subsequently underwent a name change to Orient Biotech on 29 July 2003.

In 1999, we began undertaking product formulation activities to develop new product formulations for fortified F&B and dietary supplements, in preparation for our venture into the manufacturing of fortified F&B and dietary supplements.

In 2001, our Rented Selayang Factory was certified compliant to the GMP by the GMP Section - Centre of Compliance and Quality Control under the NPRA. This certification allowed us to manufacture products registered with, and regulated by, the NPRA such as dietary supplements. Following this, we began providing subcontract services for dietary supplements to third party brand owners, whereby we carry out manufacturing based on product formulations and ingredients provided by the brand owners. In the same year, we rented 2 additional factory units (with a built-up area of approximately 3,000 sq. ft. each) in which 1 was located adjacent to and the other was located opposite to our Rented Selayang Factory, both of which were used for the manufacturing of dietary supplements under the provision of subcontract services to third party brand owners.

In September 2001, we also obtained our ISO 9001 certification for the manufacturing and marketing of fortified F&B and dietary supplements. As we continued to grow our product formulation expertise, we gradually transformed from the provision of subcontract services to the provision of end-to-end manufacturing services of dietary supplements to third party brand owners, in which our Group is involved in the development of product formulation, sourcing of ingredients and manufacturing.

In 2002, we acquired a factory in Selayang ("**Selayang Factory**") which was used as our manufacturing facility. Our Selayang Factory which has a land area of 12,236 sq. ft. and comprises a 3-storey factory with a built-up area of 20,821 sq. ft. (including 180 sq. ft. of office area). Following the acquisition, our Selayang Factory had applied for and was GMP-compliant since 2004, and we relocated our operations from the Rented Selayang Factory to our Selayang Factory in 2004. We also ceased the rental of our Rented Selayang Factory and the 2 additional factory units in 2004. With the expanded manufacturing space, we expanded our offerings to include the provision of manufacturing services of fortified F&B to third party brand owners.

From 2005 to November 2020, we engaged AsureQuality Limited (previously known as AgriQuality Limited), New Zealand to carry out independent assessment on our organic products to certify that our products are organic. Subsequently, we changed our engagement to NASAA Certified Organic Pty Ltd ("**NASAA**") in November 2020. Both AsureQuality Limited and NASAA carry out independent assessments for organic products. Our Group had changed the engagement from AsureQuality Limited to NASAA due to the intended increase in cost of services and the certification fee from NASAA is lower and reasonable. Notwithstanding that, this does not compromise the assessment on our Group's organic products as NASAA is a recognised certification body in the industry.

As at LPD, out of 12 organic products comprising a food ingredient, house brand products and third party branded products that are carried by our Group, 10 organic products have been certified organic by NASAA. Please refer to Section 7.9 of this Prospectus for further details on the list of organic products.

7. BUSINESS OVERVIEW (CONT'D)

In 2007, we further expanded our business when we began manufacturing and selling fortified F&B and dietary supplements under our house brand *Bonlife*, to give us direct access to retail consumers and generate brand awareness for our Group. Following that, we secured our first export sale to a customer in Hong Kong where we sold *Bonlife* fortified F&B. Our Group's house brand products are developed with different formulations from the products manufactured for third party brand owners. Each product has a different formulation developed by our Group.

In 2013, our Selayang Factory was registered with the FDA and our manufacturing processes were also certified compliant to the HACCP based Food Safety System. The FDA and HACCP certifications reflect our Group's commitment to ensure the production of safe food, as well as to provide further assurance to customers on the quality of our products and services.

In 2020, we entered into a research collaboration agreement with Universiti Sains Malaysia ("**USM**") to undertake a clinical trial on the efficacy of sachai inchi oil, a dietary supplement, to improve hyperglycaemia, hypertension and hyperlipidaemia. This research collaboration effort enabled us to gain customer confidence in our dietary supplements by providing third party verification on the efficacy of our products through scientific research. Further details on the clinical trial for sachai inchi oil supplement are set out in Section 7.10.2 of this Prospectus.

As part of our effort to further increase our market outreach, we had on 1 July 2021, entered into an agreement with CTG whereby they will act as our marketing agent to market the products under our house brand, *GoHerb*. Please refer to Section 7.3.2 (ii) of this Prospectus for further details on the arrangement with CTG for the marketing of our *GoHerb* products.

In February 2022, we acquired a land measuring 255,263 sq. ft. in Serendah, Selangor ("**New Serendah Land**"), to construct a new factory ("**New Serendah Factory**") for our Group's business expansion plan. With this expansion, our Group expects to improve our manufacturing efficiency as well as to cater for increasing demand in anticipation of future expansion. Please refer to Section 7.14 of this Prospectus for further details on our Group's business expansion plan and the development of our New Serendah Factory.

As part of our Group's business expansion plan, we had in March 2022 rented a factory in Serendah, Selangor ("**Rented Serendah Factory**") which has a built-up area of 20,551 sq. ft. in which it was initially used to store raw materials and finished goods. Subsequently, in June 2023, we began manufacturing and packing fortified F&B in our Rented Serendah Factory.

In 2023, we had launched new house brands namely *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez* and *Beyoute*, and in 2024, we had launched *Zenliv* and *Zen Youte*, which are available for sale in the market. Please refer to Section 7.3.2 of this Prospectus for further details on our house brands *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez*, *Beyoute*, *Zen Youte* and *Zenliv*.

7. BUSINESS OVERVIEW (CONT'D)

7.2 AWARDS AND RECOGNITIONS

Since our incorporation, we have received the following awards and recognitions:

Year	Awards and Recognitions	Awarding body
2006	<ul style="list-style-type: none"> SMB Recognition Award ⁽¹⁾ 	<ul style="list-style-type: none"> SMI Association of Malaysia (currently known as SME Association of Malaysia)
2021	<ul style="list-style-type: none"> Asia Pacific Top Excellence Enterprise 2021-2023 ⁽²⁾ Asia Pacific Super Health Brand 2021 – 2023 (<i>Bonlife</i> – Art of Balanced Living) ⁽²⁾ 	<ul style="list-style-type: none"> Asia Pacific TOP Excellence Brand Committee (APC)
2023	<ul style="list-style-type: none"> Sin Chew Business Excellence Awards 2023 (Product Excellence Awards) Malaysia Health Wellness Brand Awards (<i>Bonlife</i> – Nutrition Supplement) Alpro VIPs Choice Award 2023/24 (The Best Goats Milk – Purenat Gold Goat Milk Powder) 	<ul style="list-style-type: none"> Sin Chew Daily Sin Chew Media Corporation Berhad Alpro Pharmacy Malaysia

Notes:

- (1) The award was awarded by SMI Association of Malaysia in recognition of small and medium businesses having certain achievements in their industries and have contributed to the economic growth of the country based on SMI Association of Malaysia's selection criteria. The award promotes perseverance, value innovation, and excellence in small and medium businesses.
- (2) The award was awarded in 2021 and occurred as a single event.

7.3 PRINCIPAL ACTIVITIES AND BUSINESS MODEL

We are principally involved in the provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners; as well as the manufacturing, sales and marketing of fortified F&B and dietary supplements under our house brands, namely *Bonlife*, *GoHerb*, *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez*, *Beyoute*, *Zen Youte* and *Zenliv*. Further, we are also involved in the provision of contract packing services of milk powder, tea leaves, honey, herb powder, fruit powder and liquid chlorophyll into retail packaging sizes, and trading of milk powder and other activities.

7. BUSINESS OVERVIEW (CONT'D)

A summary of our business model is set out below:

Principal Activities	Provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners ⁽¹⁾	Manufacturing, sales and marketing of fortified F&B and dietary supplements under our house brands	Trading and other activities ⁽²⁾
Products	<p>Fortified F&B</p> <ul style="list-style-type: none"> • Fruit-based products • Milk-based products • Vegetable-based beverages mix • Probiotic-based beverages mix • Coffee-based beverages mix • Oat-based beverages mix • Herb-based products • Collagen-based products • Soy-based beverages mix • Tea-based beverages mix <p>Dietary supplements</p> <ul style="list-style-type: none"> • Botanical-based products • Nutraceutical-based products 	<p>House Brands (Fortified F&B and Dietary Supplements)</p> 	Milk Powder
Suppliers	<ul style="list-style-type: none"> • Raw material cultivators, producers and suppliers • Food ingredient producers and suppliers • Printing and packaging manufacturers and suppliers 		Milk powder producers and suppliers
Distribution Channel	Third party brand owners	Distributors, chain retailers, online store retailers, e-commerce platforms (i.e. directly to consumers), marketing agents	Direct sales (i.e. manufacturers and distributors)
Principal Place of Business	<p>Head office: Selayang, Selangor Selayang Factory: Selayang, Selangor Rented Serendah Factory: Serendah, Selangor</p>		

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Including the contract packing services of milk powder, tea leaves, honey, herb powder, fruit powder and liquid chlorophyll into retail packaging sizes which contributed RM2.90 million, RM3.61 million, RM1.27 million and RM0.81 million, respectively, to our Group's revenue during the Financial Years Under Review.
- (2) Besides our principal business activities, we also undertake other activities such as laboratory tests services, freight services, as well as the sales of raw materials which are surplus materials from our manufacturing activities, packaging materials, pallets and face masks on ad hoc basis.

According to the IMR Report, fortified F&B and dietary supplements are products intended to supplement daily nutritional intake. Dietary supplements contain active ingredients that are derived from natural sources and/or synthetic sources. Natural sources refer to naturally occurring substances of botanical-based materials (plants and herbs) and non-botanical-based materials (animals and minerals), of parts thereof, in the unextracted or crude extract form, and homeopathic medicine, and it shall not include any sterile preparation, vaccine, any substance derived from human parts, any isolated and characterised chemical substances; whereas synthetic sources refer to chemically processed materials. Further, some fortified F&B may also contain active ingredients that are derived from natural sources and/or synthetic sources. Active ingredients are ingredients that will generate reactions in the human body which may promote better health. Some examples of active ingredients include amino acids, vitamins, probiotics, coenzymes, enzymes and mineral derivatives.

Fortified F&B refers to F&B products that have been fortified with active ingredients, hence enriching the product beyond its original nutritional value (carbohydrates, proteins and fats), and are intended to be consumed as part of normal diets. Dietary supplements are products formulated with active ingredients that are able to improve or boost an individual's nutritional intake, offer the potential of improved health and/or reduced risk of diseases.

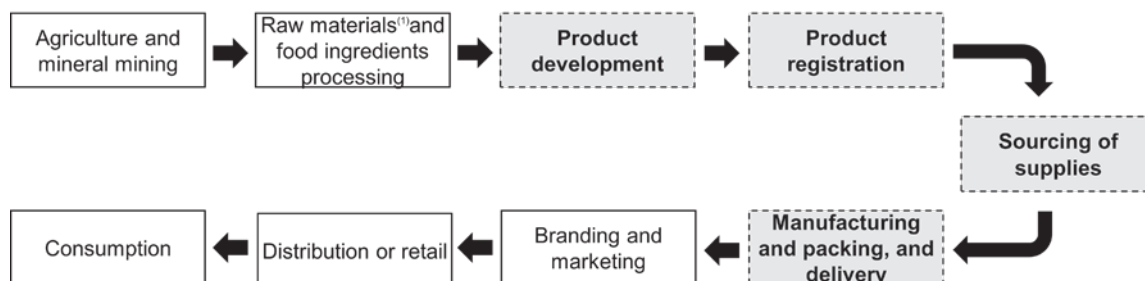
In Malaysia, dietary supplements must be registered with the NPRA before they are allowed to be commercialised in the market as dietary supplements. Registered dietary supplements will be issued with MAL certificates, bearing their individual registration number which had been approved by the NPRA, for sale or use in Malaysia. The registration is not required for fortified F&B. Nevertheless, the manufacturing of fortified F&B is guided under the Food Act 1983, Food Regulations 1985 and Food Hygiene Regulations 2009.

In addition to being GMP-compliant, the manufacturing facilities of our Selayang Factory and Rented Serendah Factory are also compliant to the Halal regulations, and our manufacturing processes meet the HACCP standards. As such, the fortified F&B and dietary supplements that are manufactured at our Selayang Factory and Rented Serendah Factory also meets the GMP, Halal and HACCP requirements. Further, having manufacturing facilities that are Halal-compliant enables us to apply for Halal certification for the products manufactured in our factory. Further details on our certifications are as set out in Section 7.9 of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

7.3.1 Provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners

We provide end-to-end manufacturing services of fortified F&B and dietary supplements to third party brand owners comprising product development, product registration, sourcing of supplies, manufacturing and packing, and delivery as set out below:



Notes:

- (1) While our Group primarily sources raw materials which comprise active ingredients from our suppliers, we also carry out small scale extraction of active ingredients from herbs and plants, as well as the culturing of a particular strain of probiotic, namely *Lactobacillus acidophilus*, for use in our manufacturing.
- [] denotes the segments of involvement of our Group.
- (a) **Product development** – Our product development activities involve conducting in-house research to develop new product formulations for fortified F&B and dietary supplements based on the product functionality, costing requirements and target market specified by our customers. We provide advice to our customers on the type of products to be developed based on our understanding of the latest market trends and our customers' requirements. Further, we also proactively undertake our own development of new product formulations and subsequently, we market these new formulations to our existing customers. Further details on the type of fortified F&B and dietary supplements offered to third party brand owners are set out in Section 7.4.1 of this Prospectus.

The process for new product formulation entails continuous experiment to test the stability of the newly formulated products. We also continuously identify new ingredients to enhance our product offerings. We have our in-house product development team to carry out testing on newly formulated products. We also send our newly formulated products to third party laboratories for external verification on our products such as to undertake nutrition tests and UV spectrum tests prior to commercialisation, as well as heavy metal tests and microbial tests after commercial production. Further details on the QA and QC undertaken are set out in Section 7.9 of this Prospectus.

During the Financial Years Under Review and up to the LPD, we have manufactured 158 formulations for our fortified F&B and 37 formulations for our dietary supplements for third party brand owners. Nevertheless, we had cumulatively formulated approximately 1,189 formulations for our fortified F&B for third party brand owners given the constant change in consumer preference over the years since 2001. Our ability to adapt to the changing market trends and demand enables our Group to remain competitive in the industry. Further, our Group also has 95 formulations for our dietary supplements for third party brand owners that are registered with the NPRA which are readily available for manufacturing, and subsequently for commercialisation upon customers' requests. Please refer to Section 7.4 of this Prospectus for the summary on the number of products manufactured and formulated.

7. BUSINESS OVERVIEW (CONT'D)

While our Group owns most of the product formulations developed in-house, our customers being the product brand owners are entitled to have access to the formulations. However, our ability to perform in-house extraction of botanical-based active ingredients and culturing of probiotics, as well as our Group's 29 years of experience enable our Group to minimise the possibility of our products from being easily replicated by other manufacturers, thus safeguarding our interest as the product formulator. Our customers own the brand name and product design of their products as brand owners. Further details on our process flow is set out in Section 7.8 of this Prospectus.

- (b) Product registration** – As part of our service, we also assist our customers to register new products with the relevant authorities upon request. For newly formulated dietary supplements, we will apply for the MAL certificates from the NPRA before we proceed with manufacturing.

Upon request by our customers, we may also assist our customers to apply for Halal certificates which certifies that the products are Halal-compliant; Certificate of Analysis which certifies that the products are safe from microbial and heavy metal contamination; Certificate of Free Sale which certifies that the products are fit for export; Health Certificate which certifies that the products are safe for human consumption and fit for export; and/or Certificate of Origin which certifies the origin of the manufactured products and that the products are fit for export.

- (c) Sourcing of supplies** – We source our supplies, which comprise raw materials such as active ingredients (vitamins), herbs and plants; food ingredients such as fruit and vegetable powder, fruit extract, milk powder, nuts and oats; and packaging materials, from our network of suppliers, comprising raw materials cultivators, producers and suppliers, food ingredients producers and suppliers, and printing and packaging manufacturers and suppliers, for use in our manufacturing activity. We have established a network of local and overseas suppliers which allows us to source quality and competitively priced supplies based on our customers' product requirements.
- (d) Manufacturing and packing** – Our Selayang Factory carries out the manufacturing of fortified F&B and dietary supplements, while our Rented Serendah Factory carries out the manufacturing and packing of fortified F&B. Our factories are equipped with machinery and equipment to carry out the manufacturing and packing of fortified F&B products in the form of tablets, teabags, liquid beverages, powder mixes and jelly, in packaging such as sachets, bottles, metal tins and/or paper cans; as well as dietary supplements in the form of vegetable softgel capsules, hard capsules, tablets (including effervescent tablets) and liquids, in packaging such as bottles and blister packs.
- (e) Delivery** – We engage third party logistics service providers to deliver the products to the locations specified by our customers.

Given that we are able to support our customers throughout the production process, it provides convenience for our customers as we are able to provide a full array of services from product development to manufacturing and delivery, and as such our customers do not need to source for multiple suppliers. This is our key value proposition as it provides our customers with the convenience of outsourcing all of the production process to us. With that, our customers are able to focus their resources and investments on branding, marketing, distributing and retailing their products to consumers.

7. BUSINESS OVERVIEW (CONT'D)

Our manufacturing services are provided to local and foreign customers, comprising fortified F&B brand owners, dietary supplements brand owners, wholesalers, chain pharmacies and direct selling companies. For the Financial Years Under Review, our Group had 7, 6, 9 and 5 active foreign customers who contributed RM1.07 million, RM0.53 million, RM4.28 million and RM1.97 million to our Group's revenue, respectively.

Upon request, we also provide contract packing services to our customers whereby we repack bulk milk powder, tea leaves and honey into retail packaging size for sale to consumers. We source milk powder from our suppliers, whereas tea leaves and honey are generally provided by our customers for packing. The retail packaging sizes for milk powder that we provide contract packing services for, are available in 400g and 800g; the retail packaging sizes for tea leaves range from 2.5g to 3g per tea bag; and the retail packaging sizes for honey range from 5g to 30g per sachet.

7.3.2 Manufacturing, sales and marketing of fortified F&B and dietary supplements under our house brands

We leverage on our in-house product development and manufacturing capabilities to develop and manufacture fortified F&B and dietary supplements under our house brands, namely *Bonlife*, *GoHerb*, *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez*, *Beyoute*, *Zen Youte* and *Zenliv*.



The marketing of *Bonlife*, *Sleepin' Beaute*, *Zen Night*, *Beyoute* and *Zen Youte* products are carried out by our in-house sales and marketing team, whereas the marketing of *GoHerb*, *EZ:Nitez* and *Zenliv* are carried out by our marketing agents. The engagement of marketing agents was driven by our Group's strategy to leverage on third party's marketing capabilities to market our products, and to focus our internal resources in product development and manufacturing. With this strategy, we leverage on our marketing agents' resources to grow the sales of *GoHerb*, *EZ:Nitez* and *Zenliv*, and our Group will be able to optimise our internal resources by monitoring the performance of multiple marketing agents concurrently while keeping our headcount lower. This is in contrast to having our in-house team to manage the marketing activities for these brands whereby we will be required to hire more employees.

Bonlife was our first house brand in which the marketing activities has been carried out by our Group since the launch of the brand in 2008. Given that our Group has built the network of sales and distribution channels for the sales of *Bonlife* products, our Group will continue to carry out marketing activities for *Bonlife* and we have no intention to engage third party marketing agents to manage the marketing activities for *Bonlife*. For *Sleepin' Beaute*, *Zen Night*, *Beyoute* and *Zen Youte*, we intend to replicate the business model of *Bonlife* and to develop more products under these brands in the future. As such, we have allocated resources for the sales and marketing activities of *Sleepin' Beaute*, *Zen Night*, *Beyoute* and *Zen Youte*. Further details on the arrangement for our respective house brands are set out below:

7. BUSINESS OVERVIEW (CONT'D)

(i) Bonlife

We began marketing and selling our *Bonlife* products in 2007, in which the sales and marketing activities of all products under *Bonlife* are carried out by our in-house sales and marketing team. The products marketed under *Bonlife* comprise fortified F&B and dietary supplements. As at LPD, we have a total of 14 *Bonlife* products for fortified F&B as well as 10 *Bonlife* products for dietary supplements that are registered with the NPRA, which are available for sale in the market.

We have established a network of sales and distribution channels for the sale of *Bonlife* products. This enables our Group to expand our market coverage as well as to reach out to a wider customer base. We sell *Bonlife* products through the following channels:

- Distributors are intermediaries who distribute our products to retailers for onward sale to consumers. Prior to 1 July 2023, we had 4 distributors to distribute our products to retailers. We restructured our channel of distributors and on 1 July 2023, we appointed Apex Pharmacy Marketing Sdn Bhd as our sole distributor for the distribution of *Bonlife* products to retailers in Malaysia. Apex Pharmacy Marketing Sdn Bhd will distribute to retailers comprising independent pharmacies, grocery stores, organic and vegetarian food stores, sundry shops, baby shops and traditional Chinese medicine halls throughout Malaysia;
- Chain retailers are retailers that operate multiple physical stores, including their own online stores, under the same brand to sell products to consumers. As at LPD, we distribute our *Bonlife* products to 10 chain pharmacies and 1 chain grocery stores in which these chain retailers collectively have approximately 1,900 physical stores throughout Malaysia;
- Online store retailers are retailers that sell products to consumers through online platforms such as using their in-house e-commerce platform and/or third party e-commerce platforms (Shopee, Lazada and TikTok). As at LPD, we distribute *Bonlife* products to 2 online store retailers; and
- We sell directly to consumers through our in-house e-commerce platform and third party e-commerce platforms, namely Shopee, Lazada and TikTok. Our sales and marketing team manages the online sales of our in-house e-commerce platform and third party e-commerce platforms.

(ii) GoHerb

We began marketing and selling products under our house brand *GoHerb* in 2021 when we entered into an agreement with CTG on 1 July 2021. CTG is principally involved in conducting and providing online marketing services on social media platforms such as Facebook and online marketplaces such as Shopee, Lazada and their customers' website or landing page over the internet as well as offline marketing services, amongst others. The agreement between our Group and CTG was effective from 1 July 2021 to 30 June 2028, and will be renewed every 5 years thereafter unless the agreement is terminated by either party.

Through the agreement, CTG acts as our marketing agent and has the exclusive rights to market all products under *GoHerb*. CTG carries out the marketing activities for *GoHerb* products through an online social media platform namely Facebook, whereas our Group will manufacture and deliver the products to CTG, who will then distribute the products to their customers. CTG also sells *GoHerb* products through third party e-commerce platforms namely Shopee and Lazada. Our Group will bill and collect payment from customers, and we will pay CTG 8% commission on sales. Further, CTG also distributes *GoHerb* products to physical stores on a consignment basis. As at LPD, CTG distributes *GoHerb* products to 57 physical stores.

7. BUSINESS OVERVIEW (CONT'D)

For both arrangements, the profit will be shared equally by our Group and CTG, after marketing expenses (e.g. Facebook advertisements) and other shared expenses namely product costs, video and editing charges, platform fees or charges, customer service commission, and other related charges and services, where applicable and agreed by both parties, have been deducted.

Products marketed under *GoHerb* comprise fortified F&B and dietary supplements. As at LPD, we have a total of 2 formulations for fortified F&B, as well as 1 formulation for dietary supplements that is registered with the NPRA under *GoHerb* and are available for sale in the market.

The strategy of using different distribution channels enable us to utilise their existing network to expand our market coverage in targeting the mass market without the need for significant investments in sales and marketing.

(iii) Zen Night

We began marketing and selling products under our house brand *Zen Night* in July 2023, in which the sales and marketing activities for the product is carried out by our in-house sales and marketing team through a social media platform namely Facebook. As at LPD, we have 1 formulation for fortified F&B under *Zen Night* available for sale in the market.

Our *Zen Night* product is sold directly to consumers through our in-house e-commerce platform, as well as third party e-commerce platforms, namely Shopee, Lazada and TikTok, in which it is managed by our sales and marketing team.

(iv) Sleepin' Beaute

We began marketing and selling products under our house brand *Sleepin' Beaute* in September 2023, in which the sales and marketing activities for the product is carried out by our in-house sales and marketing team through a social media platform, namely Facebook.

As at LPD, we have 1 formulation for fortified F&B under *Sleepin' Beaute* available for sale in the market. Our *Sleepin' Beaute* product is sold directly to consumers through our in-house e-commerce platform, as well as third party e-commerce platforms, namely Shopee, Lazada and TikTok, in which it is managed by our sales and marketing team.

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7. BUSINESS OVERVIEW (CONT'D)

(v) EZ:Nitez

We entered into an agreement with Xins Beauty Store on 22 August 2023 and pursuant to this, we began marketing and selling products under our house brand *EZ:Nitez* in September 2023. Xins Beauty Store is principally involved in the online distribution of health and beauty products. The latest agreement between our Group and Xins Beauty Store was set to be effective from 23 August 2024 to 22 August 2026, and will be renewed upon mutual agreement.

Through the agreement, Xins Beauty Store acts as our marketing agent and has the exclusive rights to market all products under *EZ:Nitez*. Xins Beauty Store carries out the marketing activities for *EZ:Nitez* products through a social media platform, namely Facebook. Xins Beauty Store also sells *EZ:Nitez* products through third party e-commerce platforms, namely Shopee, Lazada and TikTok. Our Group will manufacture and assign a third-party fulfilment centre to store and arrange the distribution of the products to Xins Beauty Store's customers. Our Group will bill and collect payment from customers, and we will pay Xins Beauty Store on their share of the profit after the marketing expenses incurred by Xins Beauty Store and other shared expenses, namely product and packaging costs, advertising platform fees or charges, fulfilment centre costs, storage costs, packing expenses, delivery charges, processing fees, refunds and taxes where applicable, have been deducted. The profit between our Group and Xins Beauty Store is shared equally. As at LPD, we have 1 formulation for fortified F&B under *EZ:Nitez* available for sale in the market.

(vi) Beyoute

We began marketing and selling products under our house brand *Beyoute* in December 2023, in which the sales and marketing activities for the product is carried out by our in-house sales and marketing team through a social media platform, namely Facebook.

As at LPD, we have 1 formulation for fortified F&B under *Beyoute* available for sale in the market. Our *Beyoute* product is sold directly to consumers through our in-house e-commerce platform, as well as third party e-commerce platforms, namely Shopee, Lazada and TikTok, in which it is managed by our sales and marketing team.

(vii) Zen Youte

We began marketing and selling products under our house brand *Zen Youte* in June 2024, in which the sales and marketing activities for the product is carried out by our in-house sales and marketing team through a social media platform, namely Facebook.

As at LPD, we have 1 formulation for fortified F&B under *Zen Youte* available for sale in the market. Our *Zen Youte* product is sold directly to consumers through our in-house e-commerce platform, as well as third party e-commerce platforms, namely Shopee, Lazada and TikTok, in which it is managed by our sales and marketing team.

7. BUSINESS OVERVIEW (CONT'D)

(viii) *Zenliv*

We entered into an agreement with Biowell Sdn Bhd on 8 March 2024 and pursuant to this, we began marketing and selling products under our house brand *Zenliv* in May 2024. Biowell Sdn Bhd is principally involved in the online distribution of health and beauty products. The agreement between our Group and Biowell Sdn Bhd was set to be effective from 8 March 2024 to 7 March 2026, and will be renewed upon mutual agreement.

Through the agreement, Biowell Sdn Bhd acts as our marketing agent and has the exclusive rights to market all products under *Zenliv*. Biowell Sdn Bhd carries out the marketing activities for *Zenliv* products through a social media platform, namely Facebook. Biowell Sdn Bhd also sells *Zenliv* products through third party e-commerce platforms, namely Shopee and Lazada. Our Group will manufacture and assign a third-party fulfilment centre to store and arrange the distribution of the products to Biowell Sdn Bhd's customers. Our Group will bill and collect payment from customers, and we will pay Biowell Sdn Bhd on their share of the profit after the marketing expenses incurred by Biowell Sdn Bhd and other shared expenses, namely product and packaging costs, advertising platform fees or charges, fulfilment centre costs, storage costs, packing expenses, delivery charges, processing fees, refunds and taxes where applicable, have been deducted. The profit between our Group and Biowell Sdn Bhd is shared equally. As at LPD, we have 1 formulation for fortified F&B under *Zenliv* available for sale in the market.

Given that we manufacture fortified F&B and dietary supplements under our house brands as well as under the provision of manufacturing services to third party brand owners, our Group has undertaken necessary measures to ensure that all formulations developed and product packaging are different from one another, while meeting our customer's requirements for third party branded products and our Group's target market for our house brands. Our Group also emphasises on business code of ethics to ensure that each formulation developed and packaging design will not be replicated in order to mitigate any situations arising from direct competition between the products produced under the provision of manufacturing services to third party brand owners and our house brands products. Further, prior to formulating new house brand products, our Group will also conduct in-house market survey to prevent direct competition with our customer's products. Further details on the products manufactured under our house brands *Bonlife*, *GoHerb*, *Zen Night*, *Sleepin' Beaute*, *EZ:Nitez*, *Beyoute*, *Zen Youte* and *Zenliv* are set out in Section 7.4.2 of this Prospectus.

7.3.3 Trading of milk powder and other activities

We are involved in the trading of milk powder. The milk powder traded by our Group are surplus food ingredients from our manufacturing activities in which the milk powder is purchased from our milk powder producers and suppliers. The milk powder is sold in bulk quantity to manufacturers and distributors.

Besides our principal business activities, we also undertake other activities such as laboratory tests services, freight services, as well as the sales of raw materials which are surplus materials from our manufacturing activities, packaging materials, pallets and face masks on ad hoc basis.

7. BUSINESS OVERVIEW (CONT'D)**7.4 OUR PRODUCTS AND SERVICES**

A summary on the number of products manufactured during the Financial Years Under Review and up to LPD, as well as the number of products formulated by our Group over the years since 2001 that are readily available for manufacturing and commercialisation are set out below:

- (i) Number of active products manufactured during the Financial Years Under Review and up to LPD:

	<u>Fortified F&B</u>	<u>Dietary supplements</u>
Third party brands	158	37
House brands	22	11
Total	180	48

- (ii) Number of products cumulatively formulated over the years since 2001 that are readily available for manufacturing and commercialisation:

	<u>Fortified F&B</u>	<u>Dietary supplements</u>
Third party brands	1,189	95
House brands	28 ⁽¹⁾	11 ⁽²⁾
Total	1,217	106

Notes:

- (1) Inclusive of 6 fortified F&B that have been discontinued during the Financial Years Under Review and up to LPD. However, the discontinued product remains available for manufacturing and commercialisation in the future.
- (2) Excludes 1 dietary supplement that has been discontinued and is no longer a registered product with the NPRA as of August 2023. Hence, the discontinued product is no longer available for manufacturing and commercialisation.

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7. BUSINESS OVERVIEW (CONT'D)

7.4.1 Products manufactured for third party brand owners

(a) Fortified F&B

The fortified F&B that we manufacture for third party brand owners comprise fruit-based products (beverages mix, chewable tablets and jelly), milk-based products (beverages and chewable tablets), vegetable-based beverages mix, probiotic-based beverages mix, coffee-based beverages mix, oat-based beverages mix, herb-based products (beverages mix, chewable tablets, jelly and liquid beverages), collagen-based products (beverages mix and jelly), soy-based beverages mix and tea-based beverages mix with further description as set out below:

Products	Product description
Fruit-based products (beverages mix, chewable tablets, jelly)	Fruit-based products comprise fruit juice or powder as a base, fortified with active ingredients such as collagen, enzymes, guarana, lutein, vitamins and minerals.
Milk-based products (beverages mix, chewable tablets)	Milk-based products comprise goat milk powder or cow milk powder as a base, fortified with active ingredients such as chondroitin sulfate, collagen, colostrum, lemon verbena, MSM, probiotics, vitamins and minerals.
Vegetable-based beverages mix	Vegetable-based beverages mix comprise vegetable powder as a base, fortified with active ingredients such as enzymes and probiotics.
Probiotic-based beverages mix	Probiotic-based beverages mix comprise bifidobacterium and lactobacillus probiotic strains as a base, mixed with other active ingredients such as curcumin, kombucha, prebiotics and vitamin C, and additional food ingredients such as fruit powder to enhance its flavour and taste.
Coffee-based beverages mix	Coffee-based beverages mix comprise roasted coffee bean powder as a base, fortified with active ingredients such as coenzyme Q10, ganoderma lucidum (lingzhi), ginseng and sacha inchi leaves extracts.
Oat-based beverages mix	Oat-based beverages mix comprise rolled oats and oat bran as a base, fortified with active ingredients such as chlorella, probiotics, spirulina and wheat grass.
Herb-based products (beverages mix, chewable tablets, jelly, liquid beverages)	Herb-based products comprise a mixture of herb powder such as cynanchum wilfordii, angelica, ginseng, phlomis umbrosa and sea buckthorn as a base, with additional food ingredients such as honey to enhance its flavour and taste.
Collagen-based products (beverages mix and jelly)	Collagen-based products comprise collagen as a base, fortified with active ingredients such as honey, pomegranate extract and vitamin C.
Soy-based beverages mix	Soy-based beverages mix comprise soy protein powder as a base, fortified with active ingredients such as vitamins and minerals.

7. BUSINESS OVERVIEW (CONT'D)

<u>Products</u>	<u>Product description</u>
Tea-based beverages mix	Tea based beverages mix comprise tea as a base such as chrysanthemum and green tea, fortified with active ingredients such as cactus powder, liquorice and lingzhi extract.

During the Financial Years Under Review and up to the LPD, we have manufactured 158 formulations for fortified F&B under the provision of manufacturing services to third party brand owners.

(b) Dietary supplements

The dietary supplements that we manufacture for third party brand owners can be segregated into 2 types, comprising traditional medicines and nutraceutical-based products. The traditional medicines that we offer to third party brand owners can be manufactured from natural sources of botanical-based materials that are derived from plants and/or herbs such as sacha inchi oil, sea buckthorn, green tea extract, tiger mushroom powder and spirulina, as well as natural sources of non-botanical-based materials that are derived from animals such as sea cucumber extract or collagen. On the other hand, nutraceutical-based products are typically manufactured from synthetic sources and may also include natural sources of non-botanical-based materials and botanical-based materials. We manufacture dietary supplements in the form of vegetable softgel capsules, hard capsules, tablets (including effervescent tablets) and liquids, in packaging such as bottles and blister packs.

During the Financial Years Under Review and up to the LPD, we have manufactured 37 formulations for dietary supplements under the provision of manufacturing services to third party brand owners.

7.4.2 Products manufactured under our house brands *Bonlife, GoHerb, Zen Night, Sleepin' Beaute, EZ:Nitez, Beyoute, Zen Youte and Zenliv*

We manufacture fortified F&B and dietary supplements under our house brands *Bonlife, GoHerb, Zen Night, Sleepin' Beaute, EZ:Nitez, Beyoute, Zen Youte and Zenliv*.

(a) Fortified F&B

The fortified F&B that we manufacture under our house brands comprise milk powder, coffee mixes, oat beverages and fruit beverage mixes that have been fortified with active ingredients, hence enriching the product's nutritional value. The active ingredients are such as probiotics, vitamin C, folic acid, algae DHA, sacha inchi leaf extract, lingzhi extract, antrodia extract, green chiretta, turmeric extract and ginseng extract.

As at LPD, the list of fortified F&B available for sale under our house brands, namely *Bonlife, GoHerb, Zen Night, Sleepin' Beaute, EZ:Nitez, Beyoute, Zen Youte and Zenliv* are as set out below:

<u><i>Bonlife</i></u>				<u>Product description</u>	<u>Halal status</u>
<u>Product name</u>	<u>Form</u>				
Bonlife Goat Milk Powder Classic				Made into a beverage when mixed with warm water. Contains goat milk powder fortified with coconut oil creamer, algae DHA and prebiotics. Does not contain preservatives nor artificial colouring.	Yes

7. BUSINESS OVERVIEW (CONT'D)

<i>Bonlife</i>					
Product name		Form	Product description	Halal status	
Bonlife Max Q10 Coffee		Powder	Made into a beverage when mixed with hot water. Contains coffee fortified with coenzyme Q10, lingzhi extract and wild arenga palm nectar. Does not contain artificial colouring nor preservatives.	Yes	
Bonlife Organic Cream Milk Powder		Full Powder	Made into a beverage when mixed with warm water. Contains 100% certified organic full cream milk powder. Does not contain added sugar, antibiotics, growth hormones, chemicals, pesticides nor herbicide residue.	Yes	
Bonlife Organic Wheat Grass Powder		Powder	Made into a beverage when mixed with water or juice. Contains 100% young organic wheatgrass powder. Does not contain binding agents, fillers, preservatives, pesticides nor artificial colouring.	Yes	
Bonlife Whey Protein Powder		Powder	Made into a beverage when mixed with water. Contains whey protein concentrate, fortified with prebiotics and probiotic cow milk. Does not contain pesticides, artificial colouring nor preservatives.	Yes	
Bonlife Purenat 5D Goat's Milk Powder		Powder	Made into a beverage when mixed with warm water. Contains goat milk and organic soymilk powder fortified with turmeric extract, l-theanine, boswellia extract, aquamin f, calcium, ca-HMB and prebiotics. Does not contain added sugar, preservatives nor artificial colouring.	Yes	
Bonlife Purenat Gold Goat Milk Powder		Powder	Made into a beverage when mixed with warm water. Contains goat milk powder fortified with probiotics. Does not contain added sugar, preservatives, artificial colouring nor artificial flavouring.	Yes	

7. BUSINESS OVERVIEW (CONT'D)

Bonlife

Product name	Form	Product description	Halal status
Bonlife Purenat Mom Goat Milk Powder	Powder	Made into a beverage when mixed with warm water. Contains goat milk fortified with arachidonic acid, algae DHA, lutein, probiotics and prebiotics, folic acid and vitamins. Does not contain trans-fat, artificial colouring nor preservatives.	Yes
Bonlife Purenat Premium Goat Milk Powder	Powder	Made into a beverage when mixed with warm water. Contains 100% goat milk powder. Does not contain added sugar, preservatives, artificial colouring nor artificial flavouring.	Yes
Vta C ImueMax C5X Chewable Tablet	Chewable tablet	Contains L-ascorbic acid, vitamin D, E and zinc. Does not contain added sugar, preservatives nor artificial colouring.	Yes
Vta C on The Go C5X Powder	Powder	Made into a beverage when mixed with water. Contains vitamin C, D and E, zinc, inulin and citrus bioflavonoids. Does not contain added sugar, preservatives nor artificial colouring.	Yes
Bonlife NMN Coffee with Maca	Powder	Made into a coffee beverage when mixed with hot water. Contains robusta and arabica coffee powder with black maca powder, nicotinamide mononucleotide (NMN) and goat milk powder.	Yes
Bonlife Manja Coffee (with Manjakani and Kacip Fatimah)	Powder	Made into a coffee beverage when mixed with hot water. Contains robusta and arabica coffee powder with kacip fatimah extract, manjakani extract, Estro G, sacha inchi extract and lobata extract.	N/A ⁽¹⁾
Bonlife Tigerberry Imuemax (Mixed Red Beet with Elderberry and Tiger Milk Mushroom Chewable Tablet)	Tablets	Contains red beet powder with vitamin C, elderberry extract, tiger milk mushroom and prebiotics. Contains permitted flavouring substance as permitted food conditioner.	Yes

7. BUSINESS OVERVIEW (CONT'D)

GoHerb

Product name	Form	Product description	Halal status
GoHerb TM 16	Liquid	Contains tiger milk mushroom, apple juice, honey, almond, burdock, siler, japanese catnip, chinese angelica, magnolia liliiflora descr., ligusticum sinense chuanxiong, astragalus membranaceus, atractylodes macrocephala, epimedium brevicornum maxim, korean mint, mulberry leaf, chrysanthemum, chinese bellflower, chinese liquorice, vitamin C and xanthan gum. Does not contain artificial colouring nor flavouring.	Yes
GoHerb Reneicare (Botanical Beverage Mix Eucommia Ulmoides, Indian Mulberry Root, Ginseng, L-Arginine and Maca)	Liquid	Contains herbal extract with cordyceps extract, maca extract and L-arginine. Contains permitted thickener and food preservatives.	Yes

Zen Night

Product name	Form	Product description	Halal status
Zen Night	Powder	Contains blueberry and cranberry powder, l-theanine, Lactobacillus rhamnosus, sour date, astaxanthin, vitamin B6 and B12 and vitamin C. Does not contain preservatives.	Yes

Sleepin' Beaute

Product name	Form	Product description	Halal status
Sleepin' Beaute Collagen Tripeptide	Powder	Contains cranberry and orange powder, collagen tripeptide, lemon balm and sourdate extracts. Does not contain preservatives.	Yes

EZ:Nitez

Product name	Form	Product description	Halal status
EZ:Nitez Botanical Beverage Mix Strawberry Blueberry and Cranberry Powder with Probiotics	Powder	Contains strawberry, blueberry, cranberry and orange powder, probiotics, ashwagandha, l-theanine, gamma-oryzanol and goat milk. Does not contain preservatives.	Yes

7. BUSINESS OVERVIEW (CONT'D)

Beyoute

<u>Product name</u>	<u>Form</u>	<u>Product description</u>	<u>Halal status</u>
Beyoute (Kombucha Mix Pomegranate Powder with Glisodin and White Kidney Bean Extract)	Powder	Made into beverage when mix with water. Contains pomegranate powder with white kidney bean extract, kombucha and cantaloupe extract.	Yes

Zen Youte

<u>Product name</u>	<u>Form</u>	<u>Product description</u>	<u>Halal status</u>
Zen Youte (Botanical Beverage Mix Grape Fruit Powder with Garcinia Cambogia, Japanese Honeysuckle and Bitter Orange Extract Powder)	Powder	Made into beverage when mix with water. Contains grapefruit powder with garcinia cambogia, japanese honeysuckle and bitter orange extract powder.	N/A ⁽¹⁾

Zenliv

<u>Product name</u>	<u>Form</u>	<u>Product description</u>	<u>Halal status</u>
Zenliv (Botanical Beverage Mix Apple Powder with Dandelion Root Extract and Curcumin Extract)	Powder	Made into beverage when mix with water. Contains apple powder with dandelion root extract, curcumin extract and milk thistle.	Yes

Note:

- (1) N/A – Not available as we intend to submit our Halal product application to JAIS in September 2024.

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7. BUSINESS OVERVIEW (CONT'D)

Some illustrations of our products are as shown below:



(b) Dietary supplements

The dietary supplements that we manufacture under our house brands can be segregated into 2 types, comprising traditional medicines and nutraceutical-based products. The traditional medicines that we offer under our house brands are manufactured from natural sources of botanical-based materials that are derived from plants and/or herbs such as sacha inchi oil, sea buckthorn, green tea extract, tiger mushroom powder and spirulina. On the other hand, nutraceutical-based products are typically manufactured from synthetic sources and may also include natural sources of non-botanical-based materials and botanical-based materials.

As at LPD, the list of dietary supplements available for sale under our house brands, *Bonlife* and *GoHerb*, by traditional medicines and nutraceutical-based products, are set out below:

Product name	Form	Description	MAL registration number	Halal status
Traditional medicines				
Bonlife Green Tea Extract 300mg	Tea Capsule	Traditionally used for general health.	MAL20034537T	Yes
Bonlife Organic Sacha Inchi Oil 500mg	Vegetable softgel capsules	Traditionally used for general health.	MAL20116100T	Yes
Bonlife Sea Buckthorn 500mg	Vegetable softgel capsules	Traditionally used for general health.	MAL18046099T	Yes

7. BUSINESS OVERVIEW (CONT'D)

Product name	Form	Description	MAL registration number	Halal status
Bonlife 200mg Spirulina Tablets	Tablets	Traditionally used for general health.	MAL20002552T	Yes
Bonlife Virgin Coconut Oil 500mg Softgel	Vegetable softgel capsules	Traditionally used for general health.	MAL20172798T	Yes
GoHerb Pomegranate	Phyto softgel capsules	Traditionally used for general health.	MAL20172969T	Yes

Nutraceutical-based products

Bonlife Bonguard Capsule	Hard capsules	As a health supplement.	MAL21026120N	Yes
Bonlife Kids 300 Plus Vitamin C Effervescent Tablet	Effervescent tablets	As a health supplement.	MAL21066088N	Yes
Bonlife SachaQ10 Plus Softgel	Vegetable softgel capsules	As a health supplement.	MAL21026130N	Yes
Bonlife Vta C Pro Vitamin C 1000 Plus Effervescent Tablet	Effervescent tablets	As a health supplement.	MAL21066069N	Yes
Bonlife Vta C Protect Vitamin C 1000 Plus Effervescent Tablet	Effervescent tablets	As a health supplement.	MAL21066066N	Yes

Some illustrations of our products are as shown below:



7. BUSINESS OVERVIEW (CONT'D)

7.4.3 Warranty

We do not have warranty clause for the provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners. However, upon request, we may provide product replacement for defects such as deformed product appearance, smell or texture which are typically caused by mishandling during transportation. During the Financial Years Under Review, we had incurred RM102,639, RM28,565, RM58,892 and RM5,063, respectively of product replacement costs.

For the sale of our house brand products, we do not provide product warranty to consumers. However, we may provide product replacement to distributors, chain retailers, online store retailers and marketing agents for defects such as deformed product appearance, smell or texture which are typically caused by mishandling during transportation, as well as near expiry products. The shelf lives of our Group's fortified F&B products range from 2 to 2.5 years, while the shelf lives of our Group's dietary supplements range from 1.5 to 3 years. During the Financial Years Under Review, we had collectively incurred RM191,817, RM188,430, RM287,673 and RM334,377, respectively of product replacement costs for *Bonlife*, *EZ:Nitez* and *Zen Night* products. During the Financial Years Under Review and up to the LPD, we had not incurred any product replacement costs for *GoHerb*, *Sleepin' Beaute*, *Beyoute*, *Zen Youte* and *Zenliv* products. The increase in product replacement cost for FYE2024 was attributable to a one-off incident involving one batch of milk powder that was sourced from our supplier. This batch of milk powder developed rancid smell which had led to our Group replacing the affected products to our customers. Out of RM334,377, the cost incurred for replacing the affected products arising from this one-off incident amounted to RM118,667, in which it was reimbursed by our supplier by way of issuance of credit note. Our Group does not anticipate the increasing trend for product replacement costs to continue in the future as the higher product replacement costs recorded for FYE2024 was due to the aforementioned one-off incident. Going forward, our Group will implement more rigorous batch testing procedures to ensure that the quality of raw materials and food ingredients received meets our Group's required standards, as well as to prevent the occurrence of similar incident.

7.5 OUR REVENUE SEGMENTATION

Our Group's revenue segmented by principal activities for the Financial Years Under Review are as set out below:

Revenue by principal activities	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of manufacturing services ⁽¹⁾	22,488	75.67	32,871	75.46	34,776	74.87	31,739	62.37
Sales of house brands' products	4,089	13.76	7,644	17.55	8,698	18.73	12,143	23.86
Trading of milk powder and other activities ⁽²⁾	3,142	10.57	3,043	6.99	2,975	6.40	7,004	13.77
Total revenue	29,719	100.00	43,558	100.00	46,449	100.00	50,886	100.00

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) The provision of manufacturing services includes the manufacturing of fortified F&B for pets for our customers in Malaysia, which contributed 0.79%, 2.30%, 2.51% and nil to our Group's revenue for the Financial Years Under Review. On 1 June 2023, we had ceased the manufacturing of fortified F&B for pets as part of our Group's strategy to focus on the core business activities, i.e. the manufacturing of fortified F&B and dietary supplements for human consumption.
- (2) The trading of milk powder contributed 91.18%, 94.68%, 91.09% and 90.06% to our Group's trading of milk powder and other activities segment for the Financial Years Under Review. Our Group also undertakes other activities such as laboratory tests services, freight services as well as the sales of raw materials which are surplus from our manufacturing activities, packaging materials, pallets and face masks on ad hoc basis, which contributed the remaining 8.82%, 5.32%, 8.91% and 9.94%.

Our Group's revenue segmented by geographical locations for the Financial Years Under Review are as set out below:

Revenue by geographical locations ⁽¹⁾	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	28,031	94.32	42,694	98.02	41,424	89.18	46,220	90.83
Overseas:								
Thailand	637	2.14	407	0.93	590	1.27	2,749	5.40
Hong Kong	454	1.53	122	0.28	3,817	8.22	1,778	3.50
Singapore	312	1.05	280	0.64	347	0.75	88	0.17
China	-	-	-	-	223	0.48	-	-
Taiwan	285	0.96	55	0.13	23	0.05	49	0.10
Australia	-	-	-	-	25	0.05	2	*
	1,688	5.68	864	1.98	5,025	10.82	4,666	9.17
Total revenue	29,719	100.00	43,558	100.00	46,449	100.00	50,886	100.00

Notes:

- (1) Revenue by geographical location is based on the delivery locations determined by our Group's customers.

* Represents less than 0.01%.

7. BUSINESS OVERVIEW (CONT'D)

7.6 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our purchases primarily comprise raw materials, food ingredients and packaging materials as set out below:

Supplies	Geographical location	FYE 2021		FYE 2022		FYE 2023		FYE 2024		
		RM'000	%	RM'000	%	RM'000	%	RM'000	%	
<u>Raw materials</u>										
Herbal plant powder and extract ⁽¹⁾	Australia, China, Malaysia, Taiwan	1,457	9.10	3,307	12.50	2,212	11.71	2,418	10.35	
Plant oil	China, India, Malaysia	564	3.52	362	1.37	980	5.19	1,079	4.62	
Vitamins and minerals	Malaysia	317	1.98	1,116	4.22	936	4.96	948	4.06	
Prebiotics and probiotics ⁽²⁾	Malaysia	41	0.26	126	0.48	436	2.31	443	1.89	
Algae powder	India, Malaysia, South Korea, Taiwan	357	2.23	350	1.32	192	1.02	192	0.82	
Animal-derived products ⁽³⁾	China, Hong Kong, Malaysia	652	4.07	691	2.61	609	3.22	149	0.64	
Amino acid	China, Malaysia	601	3.75	615	2.33	217	1.15	135	0.58	
<u>Food ingredients</u>										
Milk powder	Malaysia, Netherlands	5,729	35.77	7,260	27.45	2,464	13.04	6,585	28.18	
Excipients ⁽⁴⁾	Malaysia, South Korea, Philippines, Turkey	3,004	18.76	5,165	19.53	3,354	17.75	3,149	13.47	
Fruit and vegetable powder	China, Hong Kong, Malaysia, Taiwan	1,296	8.09	3,214	12.15	2,335	12.36	1,940	8.30	
Nuts, seeds, beans, grains, oats and coffee powder	China, Malaysia, Taiwan, Thailand	315	1.97	682	2.58	776	4.11	1,830	7.83	
<u>Packaging materials</u>										
Boxes	Malaysia	357	2.23	1,222	4.62	1,113	5.89	1,268	5.43	
Aluminium Foil	Malaysia	291	1.82	784	2.96	950	5.03	1,246	5.33	
Bottles	Malaysia	250	1.56	389	1.47	507	2.68	444	1.90	
Cans	Malaysia	199	1.24	174	0.66	745	3.94	417	1.78	
Cartons	Malaysia	239	1.49	219	0.83	324	1.72	310	1.33	
Stickers	Malaysia	97	0.61	247	0.93	272	1.44	225	0.96	
Other packaging materials ⁽⁵⁾	China, Malaysia	249	1.55	525	1.99	458	2.42	537	2.30	
Other ⁽⁶⁾	Malaysia	-	-	-	-	12	0.06	55	0.23	
Total purchases		16,015	100.00	26,448	100.00	18,892	100.00	23,370	100.00	

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Includes the purchase of herbs for in-house extraction and extraction solvents.
- (2) Includes the purchase of the culture medium for the culturing of probiotics.
- (3) Animal-derived products include collagen powder and whey protein, among others.
- (4) Excipients include starch, flavouring, colouring, salts and non-dairy creamer, among others.
- (5) Other packaging materials are such as stickers and labels, caps, film rolls, leaflets, seal paper, plastic scoops, oxygen absorbers, plain bags, bubble wraps, shrink wraps and tapes, among others.
- (6) Other refers to the purchase of gifts for our *GoHerb* free gift giveaways to our customers in FYE 2023 and FYE 2024.

Our Group has not encountered any material disruptions or shortages in the procurement of raw materials, food ingredients and packaging materials during the Financial Years Under Review.

Raw materials and food ingredients are generally readily available and can be easily sourced locally and overseas as there are many alternative suppliers available in the market. We will also ensure that the properties of the raw materials and food ingredients sourced from other suppliers remain the same to ensure the efficacy of our products. Nevertheless, the taste profile of food ingredients may differ from one supplier to another supplier. In the event that we are unable to procure from our existing suppliers for certain food ingredients, we are able to replace with other suppliers but there is no assurance that the food ingredients procured will be able to achieve similar taste profile. Similarly, packaging materials are generally readily available and can be easily sourced locally and overseas as there are many alternative suppliers available in the market.

The prices of raw materials, food ingredients and packaging materials may be subject to price fluctuations due to foreign exchange fluctuations and/or supply and demand conditions. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost to our customers. During the Financial Years Under Review, our Group's financial performance was not materially impacted by the price fluctuations on our imported raw materials, food ingredients and packaging materials. Please refer to Sections 8.2 and 12.3.3 of this Prospectus for further details on the impact arising from the fluctuation in prices to our Group's financial performance.

7. BUSINESS OVERVIEW (CONT'D)

7.7 PRODUCTION OUTPUT, CAPACITY AND UTILISATION

For the manufacturing of fortified F&B and dietary supplements, the manufacturing process (for a formulation of 2 or more raw materials and/or food ingredients) generally starts with the mixing process using Mixing Machines (see Table 1 below) before the powder, liquid or jelly mixture is transferred to the respective machinery to produce the required form of the final products (“**Final Product Machines**”) such as vegetable softgel capsules and hard capsules; as well as direct filling of the powdered mixture, liquid mixture and jelly mixture into sachets or metal tins and/or paper cans (see Table 2 below), where the majority of the products are required to undergo the mixing process.

Given that the manufacturing activities at our Rented Serendah Factory commenced in June 2023, the measurement of estimated annual capacity and utilisation rates for the FYE 2023 is not applicable for our Rented Serendah Factory. The estimated annual capacity and the utilisation rates of our Mixing Machines and Final Product Machines, for our Selayang Factory for the FYE 2023 and FYE 2024, and our Rented Serendah Factory for the FYE 2024, are as set out below.

Table 1: Production capacity of Mixing Machines

The estimated annual capacity, actual output and utilisation rate of our Mixing Machines, for our Selayang Factory for the FYE 2023 and FYE 2024, and our Rented Serendah Factory for the FYE 2024, are as set out below:

<u>Year</u>	<u>Process</u>	<u>Machine</u>	<u>Estimated daily capacity</u>	<u>Estimated annual capacity ⁽¹⁾</u>	<u>Actual output</u>	<u>Utilisation rate</u>
<u>Selayang Factory</u>						
FYE 2023	Mixing	Mixing machine	2,985 kilograms ⁽²⁾	895,500 kilograms	508,064 kilograms	56.74%
FYE 2024	Mixing	Mixing machine	1,208 kilograms ⁽³⁾	362,400 kilograms	31,784 kilograms	8.77%
<u>Rented Serendah Factory</u>						
FYE 2024	Mixing	Mixing machine ⁽⁴⁾	4,158 kilograms ⁽⁵⁾	1,247,400 kilograms	292,805 kilograms	23.47%

Notes:

- (1) The estimated annual capacity is calculated by multiplying the estimated daily capacity with the number of working days of 25 days (including weighting days) per month and 12 months per year.
- (2) The estimated daily capacity is derived based on the mixing capacity of 3 mixing machines, one of which has a daily mixing capacity of 1,777 kg and 2 of which has a daily mixing capacity of 604 kg each, calculated based on 8 working hours per day.
- (3) The estimated daily capacity is derived based on the mixing capacity of 2 mixing machines which has a daily mixing capacity of 604 kg each, calculated based on 8 working hours per day.

7. BUSINESS OVERVIEW (CONT'D)

- (4) The machinery was relocated from our Selayang Factory to our Rented Serendah Factory.
- (5) The estimated daily capacity is derived based on the mixing capacity of 3 mixing machines, 2 of which has a daily mixing capacity of 1,777 kg and 1 of which has a daily mixing capacity of 604 kg each, calculated based on 8 working hours per day.

Table 2: Production Capacity of Final Product Machines

The estimated annual capacity, actual output and utilisation rate of the respective machinery to manufacture final products for FYE 2023 and FYE 2024 are as set out below:

FYE 2023 ⁽¹⁾

Process	Machine	Products	Location of machine	Estimated daily capacity	Estimated annual capacity ⁽²⁾	Actual output	Utilisation rate
Powder sachet filling	Powder sachet filling machine	Powder sachets	Selayang Factory	120,000 sachets ⁽³⁾	36,000,000 sachets	27,675,277 sachets	76.88%
Vegetable softgel encapsulation	Vegetable softgel encapsulation machine	Vegetable softgel capsules	Selayang Factory	136,000 capsules ⁽⁴⁾	40,800,000 capsules	12,738,130 capsules	31.22%
Powder canning	Metal tin /paper can filling machine	Metal tin /paper cans	Selayang Factory	4,444 metal tins / paper cans ⁽⁵⁾	1,333,200 metal tins / paper cans	374,772 metal tins/ paper cans	28.11%
Capsulation	Capsule filling machine	Hard capsules	Selayang Factory	150,000 capsules ⁽⁶⁾	45,000,000 capsules	6,513,920 capsules	14.48%

7. BUSINESS OVERVIEW (CONT'D)

FYE 2024 ⁽¹⁾

Process	Machine	Products	Location of machine	Estimated daily capacity	Estimated annual capacity ⁽²⁾	Actual output	Utilisation rate
Powder sachet filling	Powder sachet filling machine ⁽⁷⁾	Powder sachets	Rented Serendah Factory	120,000 sachets ⁽³⁾	36,000,000 sachets	26,563,409 sachets	73.79%
Liquid/jelly sachet filling	Liquid/jelly sachet filling machine	Liquid/jelly sachets	Selayang Factory	30,000 sachets ⁽⁸⁾	9,000,000 sachets	4,335,040 sachets	48.17%
Vegetable softgel encapsulation	Vegetable softgel encapsulation machine	Vegetable softgel capsules	Selayang Factory	136,000 capsules ⁽⁴⁾	40,800,000 capsules	12,714,020 capsules	31.16%
Powder canning	Metal tin /paper can filling machine ⁽⁷⁾	Metal tin /paper cans	Rented Serendah Factory	4,444 metal tins / paper cans ⁽⁵⁾	1,333,200 metal tins / paper cans	98,279 metal tins/ paper cans	7.37%

Notes:

- (1) The Final Product Machines listed in Table 2 for FYE 2023 and FYE 2024 are key machines used in our manufacturing processes based on sales of key products during the respective FYE 2023 (revenue contribution of 78.69%), and FYE 2024 (revenue contribution of 75.33%).
- (2) The estimated annual capacity is calculated by multiplying the estimated daily capacity with the number of working days of 25 days per month and 12 months per year.
- (3) The estimated daily capacity is derived based on the powder sachet filling capacity of 8 sachet filling machines, which has a daily filling capacity of 15,000 sachets for each machine, calculated based on 8 working hours per day.
- (4) The estimated daily capacity is derived based on the vegetable softgel encapsulation capacity of 1 vegetable softgel encapsulation machine, which has a daily encapsulation capacity of 136,000 vegetable softgel capsules, calculated based on 8 working hours per day.
- (5) The estimated daily capacity is derived based on the powder canning capacity of 1 metal tin /paper can filling machine, which has a daily filling capacity of 4,444 cans, calculated based on 8 working hours per day.

7. BUSINESS OVERVIEW (CONT'D)

- (6) The estimated daily capacity is derived based on the capsulation capacity of 1 capsule filling machine, which has a daily capsulation capacity of 150,000 hard capsules, calculated based on 8 working hours per day.
- (7) The machinery was relocated from our Selayang Factory to our Rented Serendah Factory.
- (8) The estimated daily capacity is derived based on the liquid/jelly sachet filling capacity of 3 sachet filling machines, which has a daily filling capacity of 10,000 sachets for each machine, calculated based on 8 working hours per day.

Given the nature of our business in providing manufacturing services of fortified F&B and dietary supplements to third party brand owners in a wide range of product forms, the utilisation rates of some of our machinery may be low. Powder sachet form of products was our Group's top product form in FYE 2023 and FYE 2024 based on revenue contribution, with a utilisation rate to manufacture sachet products of 76.88% and 73.79% respectively. Save for our powder sachet filling machine, the other machines recorded utilisation rates between 14.48% and 31.22% during FYE 2023, and utilisation rates between 7.37% and 48.17% during FYE 2024.

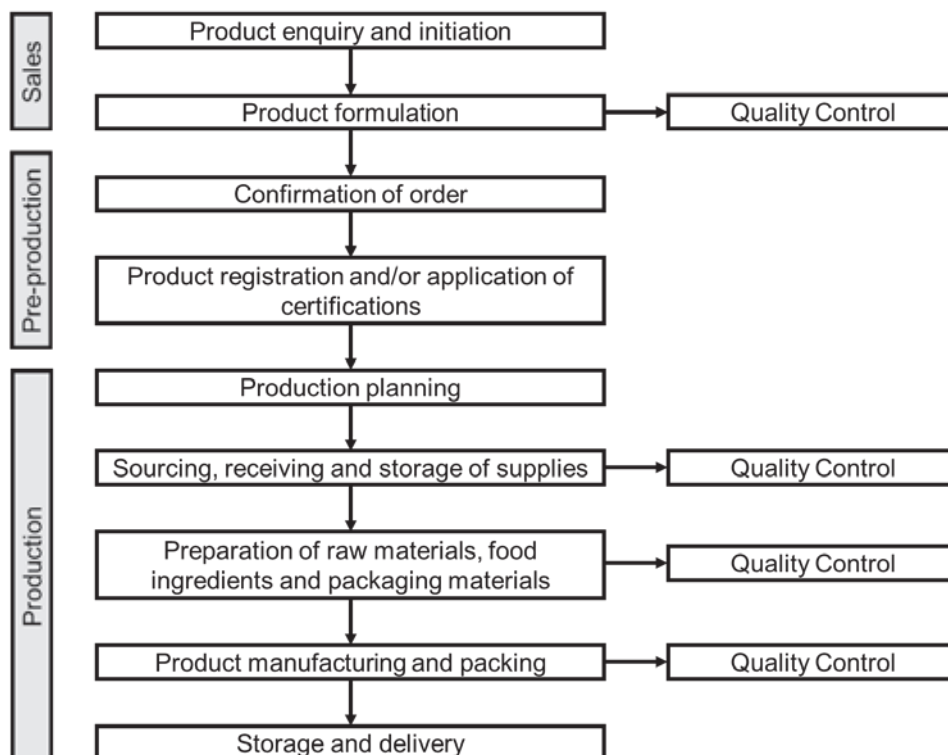
In FYE 2024, our Group recorded lower actual output for our mixing machine, which was primarily due to the lower actual output of our metal tin /paper can filling machine. The lower actual output for our metal tin /paper can filling machine was due to reduced sales to Nature One Dairy (Hong Kong) Limited pursuant to the acquisition of the milk powder business and brand of Fei Fah Medical Sdn Bhd by Nature One Dairy Pty Ltd on 16 May 2022. Notwithstanding that, the actual output for other product forms such as liquid/jelly sachet filling machine, recorded an increase which contributed to our Group's higher revenue for FYE 2024. Given that it is our Group's intention to provide a wide range of manufacturing services and product offerings to our customers to ensure our competitiveness in the industry, the actual output for each of our machines may vary from year to year depending on the product form required by our customers.

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7. BUSINESS OVERVIEW (CONT'D)

7.8 PROCESS FLOW

The process flow for our Group's business is depicted below:



Sales

(i) Product enquiry and initiation

Upon the receipt of enquiry for new product formulation for fortified F&B or dietary supplements, we will assess the feasibility of the request. Upon acceptance of the request, we will undertake product development activities to develop the new formulation.

For the provision of manufacturing services of fortified F&B and dietary supplements, our customers will provide their requirements on the product functionality, costing and target market. Based on our understanding of the latest market trend and our customers' requirements, we will advise our customers on the type of product to be developed in terms of ingredient base, dosage and form such as vegetable softgel capsules, hard capsules, tablets (including effervescent tablets), teabags, liquid beverages, powder mixes and jelly in packaging such as sachets, bottles, metal tins and/or paper cans.

For our house brand products, we carry out market viability research on latest trends for new product development or improvement of existing products. For the development of new products, we will identify the ingredient base, form, dosage, product functionality, costing requirements and target market for the product that we intend to launch in the market.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Product formulation

Based on the product requirement, we will select and source the required raw materials such as active ingredients (vitamins), herbs and plants, as well as food ingredients such as fruit and vegetable powder, fruit extract, milk powder, nuts and oats to develop the formulation. During the formulation process, we will conduct tests to determine the stability of blending different ingredients together, as well as to ensure that the new product formulation meets the product specification and food safety requirements. In addition, we will also conduct external studies, as and when required, to determine the properties of the active ingredients that we intend to source for the formulation of new products. Please refer to Section 7.9 of this Prospectus for further details on the QA and QC carried out during our product formulation process.

We will also ensure whether the new product formulation is compliant with Malaysia's regulatory requirements, as well as the regulatory requirement of the countries where the products will be exported. At this stage, few formulation prototypes will be developed for our customer's selection, as well as for internal selection for house brand products.

Pre-production**(iii) Confirmation of order**

Upon receiving confirmation from our customers to commence manufacturing based on the new product formulation, we will also identify the type of packaging required by our customers which comprises the selection of shapes and sizes of the sachets, bottles, metal tins, paper cans, or blister packs, as well as the labelling material and cap type (for bottled packaging) and submit the orders to our suppliers. Upon request, we will engage third party product designers to provide packaging and labelling designs to our customers. We will then issue a quotation to our customer for the confirmation of order.

For the request of existing product from existing customers, we will issue a quotation to our customer based on the type and quantity of the products required, whereby the quantity of products are subject to a minimum order quantity. Upon receiving confirmation from our customer, we will proceed with manufacturing.

For house brand products, upon the confirmation of new product launching, we will identify the type of packaging required for our new product and engage third party designer to design our packaging and labelling. For existing products, we will confirm the quantity to be manufactured based on the respective product's sales performance, sales forecast and inventory level, and proceed with manufacturing.

(iv) Product registration and/or application of certifications

For newly developed dietary supplements, we will register the final product formulation with the NPRA prior to commencing mass production. Once the product formulation is approved by the NPRA, the dietary supplements will be issued with a MAL registration number that allows it to be sold in the market, and we can commence manufacturing of the dietary supplements. On the other hand, the registration of product formulation for fortified F&B is not required and hence, the mass production of fortified F&B can commence upon receiving the confirmation of orders from our customers.

Upon request by our customers, we will also register the new product formulation with JAKIM to certify that the product is Halal-compliant which allows for the Halal logo to be displayed on the product. Further, we will also assist our customers to apply for the Certificate of Analysis, Certificate of Free Sale, Health Certificate and/or Certificate of Origin based on their requirements.

7. BUSINESS OVERVIEW (CONT'D)

Production**(v) Production planning**

We will outline a detailed production plan that specifies the manufacturing and delivery details such as product formulation, raw materials, food ingredients and packaging materials required, manufacturing process required based on form, quantity, packing instruction, manufacturing schedule and delivery schedule.

(vi) Sourcing, receiving and storage of supplies

Our raw materials include active ingredients which are utilised in our manufacturing activities, comprising natural sources of botanical-based and non-botanical-based materials and synthetic sources:

- Botanical-based materials – We source botanical-based materials such as sachal inchi oil, sea buckthorn, green tea extract, tiger mushroom powder and spirulina from our suppliers.
- Non-botanical-based materials – We source non-botanical-based materials such as vitamins and minerals from our suppliers.
- Synthetic sources – We source chemically processed materials such as alpha tocopherol (synthetic vitamin E), ascorbic acid (synthetic vitamin C), biotin, cholecalciferol (synthetic vitamin D3) and folic acid from our suppliers.

In addition, our purchases of raw materials also include dried herbs and plants such as sachal inchi leaves, aloe vera plant, black cumin seeds and lingzhi from our suppliers for in-house extraction of active ingredients for use in our manufacturing; as well as the culture medium for in-house culturing of *Lactobacillus acidophilus* probiotic strain for use in our manufacturing.

For food ingredients such as fruit and vegetable powder, fruit extract, milk powder, nuts and oats, we will source from our suppliers.

For packaging and labelling materials, we will forward the design to our third party packaging manufacturers to manufacture the packaging materials and labelling.

We will perform visual inspection on the raw materials, food ingredients, packaging materials (sachet rolls, bottles, metal tins, paper cans, blister packaging) and labelling received to ensure that they are within the specifications required and that there are no damages and defects, as well as no printing error on our packaging materials and labelling. Please refer to Section 7.9 of this Prospectus for further details on the QA and QC carried out on our raw materials, food ingredients, packaging materials and labelling.

The raw materials, food ingredients, packaging materials and labelling that pass our quality control checks will be temporarily stored in our warehouse prior to manufacturing; while rejected raw materials, food ingredients, packaging materials and labelling will be returned to suppliers for replacement.

7. BUSINESS OVERVIEW (CONT'D)

(vii) Preparation of raw materials, food ingredients and packaging materials

Raw materials and food ingredients will be prepared in accordance with the production plan in preparation for manufacturing. The selected raw materials and food ingredients will be weighed in accordance with the proportion indicated in the product formulation.

For selected dried herbs and plants such as sacha inchi leaves, aloe vera plant, black cumin seeds and lingzhi, we will perform in-house extraction to obtain the active ingredients needed for use in our manufacturing. We will clean the herbs or plants to remove impurities with ozonated water, and subsequently dry and sterilise it in the oven. The dried herbs or plants will then be placed into an extraction machine to isolate the active ingredients. The active ingredients obtained will be in liquid form. Depending on the manufacturing requirement, the active ingredients may be transferred to a spray dryer to dehydrate and reduce it into powder form. Please refer to Section 7.9 of this Prospectus for further details on the QA and QC carried out during the active ingredient extraction process.

We also undertake in-house culturing of a particular strain of probiotic, namely *Lactobacillus acidophilus*, for used in our manufacturing. The culturing of probiotics begins with the preparation of a sterile culture medium which is conducive for the growth of bacteria. The *Lactobacillus acidophilus* culture medium will be mixed into the sterile medium and incubated at a controlled temperature to allow the bacteria to develop and grow in terms of cell count. Once the *Lactobacillus acidophilus* bacteria has proliferated into the required colony size (bacterial count), we will harvest the bacteria and undergo spray drying to turn the *Lactobacillus acidophilus* bacteria into powder form, also known as probiotics, for use in our manufacturing.

The form of the products to be manufactured will be identified in order to prepare the machinery for manufacturing. We will also prepare the packaging materials required such as sachet rolls, bottles, metal tins, paper cans and/or blister packs. Subject to the type of manufacturing process to be carried out, the packaging materials will be loaded onto the machinery accordingly.

(viii) Product manufacturing and packing

The manufacturing process for the different forms of products comprising vegetable softgel capsules, hard capsules, tablets (including effervescent tablets), teabags, liquid beverages, powder mixes, and jelly, in packaging such as sachets, bottles, metal tins, paper cans and/or blister packs are as set out below:

- **Manufacturing of vegetable softgel capsules**



Vegetable softgel encapsulation machine

For the preparation of gelatin mixture, the gelatin mixture is prepared by mixing gelatin powder with water and glycerine, which is heated and stirred inside a melting tank. The gelatin mixture is pumped into the gelatin loading tank within the vegetable softgel encapsulation machine.

7. BUSINESS OVERVIEW (CONT'D)

For the preparation of fill solution mixture, the fill solution mixture is prepared by mixing the raw materials in accordance with the product formulation in a mixing tank until a consistent fill solution mixture is obtained. The fill solution mixture is then pumped into the filling tank within the vegetable softgel encapsulation machine in preparation for encapsulation.

The encapsulation process starts with the formation of two thin films of gelatin. The gelatin films are fed between two die rolls that each determine the size and shape of the vegetable softgel capsules, to form two halves of the capsule. The films converge at the injection wedge and filling pump, where the fill solution mixture is measured and injected. Subsequently, the filled capsule halves are sealed together using heat and pressure, and ejected from the vegetable softgel encapsulation machine. The vegetable softgel capsules are rotated in the tumble dryer to remove excess moisture from the surface of the vegetable softgel capsule.

Following the encapsulation process, the vegetable softgel capsules are transferred to a temperature and humidity-controlled room where the vegetable softgel capsules are allowed to harden. We will inspect the vegetable softgel capsules to ensure that their appearances are in accordance with the product specifications. The vegetable softgel capsules will be polished before they are packed into bottles or in blister packs.

- **Manufacturing of tablets and hard capsules**



Tableting machine



Effervescent tableting machine

The dispensed raw materials in powder form, collected directly from our warehouse or from our extraction process, will be sieved to achieve an even particle size and to eliminate foreign particles. Subsequently, the raw materials are transferred into a mixing machine to undergo thorough mixing to achieve uniformity of the powdered mixture.

For the manufacturing of tablets (including effervescent tablets), the powder mixture will be fed into a tableting machine where the powder is compressed into tablet form. Depending on the shape and size of the tablets required, we will prepare the mould to be installed onto the machine accordingly. The tablets are then checked for its hardness, appearance and weight to ensure that the tablets are manufactured according to product

7. BUSINESS OVERVIEW (CONT'D)



Hard capsule machine

requirements. The hard tablets will then be filled into bottles or packed in blister packs whereas the effervescent tablets will be filled into tubes.

For the manufacturing of hard capsules, hard capsules are first loaded into the capsule filling machine. The powder mixture will be filled into the hopper and then pressed and filled into the hard capsules. The filled hard capsules are then vacuumed in a suction system to identify and remove deformed capsules. The hard capsules will then be filled into bottles or packed in blister packs.

- **Manufacturing of liquid and jelly products**



Bottled-liquid filling machine



Sacheting machine

For the manufacturing of liquid and jelly products, raw materials and/or food ingredients, will be poured into a mixing tank to undergo thorough mixing process to achieve uniformity of the liquid mixture. For jelly products, konjac will be added into the liquid mixture, heated and mixed thoroughly to thicken the liquid mixture until it achieves the jelly texture. The jelly mixture will be filled into the filling machine in preparation for filling into its packaging.

Liquid mixture will then be filled into sachets or bottles, whereas jelly products will be filled into sachets. We will inspect the filled sachets and bottles to ensure that the weight is in accordance with product specification and the sealing conforms to the required standard and quality.

- **Manufacturing of powder products**



Powder blending machine



Metal can sealing machine

7. BUSINESS OVERVIEW (CONT'D)

The dispensed raw materials and food ingredients, in powder form, will be sieved to achieve even particle size and to eliminate foreign particles. If the product formulation comprises a mixture of different raw materials and food ingredients, the dispensed raw materials and food ingredients will be transferred into a mixing tank to undergo thorough mixing to achieve uniformity of the powder mixture.

The powder mixture will then be filled into sachets, bottles, metal tins or paper cans. Particularly for powder mixture packed into metal tins, an additional step of vacuuming air out and flushing nitrogen gas into the metal tin will be carried out to remove oxygen, as the presence of oxygen may easily cause the product to turn rancid. We will inspect the filled sachets, bottles, metal tins or paper cans to ensure that the weight is in accordance with product specification and the sealing conforms to the required standard and quality.

- **Packing of tea leaves into teabags**



Tea bag packing machine

The tea leaves provided by our customers will undergo crushing and grinding to breakdown the tea leaves into crushed tea leaves. The crushed tea leaves will undergo drying and sterilising to remove moisture to prevent the development of bacteria, yeast and mould. Empty tea bag filter papers will then be loaded onto the tea bag packing machine. The crushed tea leaves are subsequently filled into the empty tea bag filter papers and sealed accordingly to form tea bags. The tea bags are then packaged into individual aluminium packaging and sealed accordingly. We will inspect the teabags to ensure that the weight is in accordance with product specification and the sealing conform to the required standard and quality.

Unlabelled bottles, metal tins and paper cans will be labelled using a labelling machine. Subsequently, batch number, manufacturing date and expiry date will be printed on the bottles, metal tins and paper cans prior to packing. Depending on the packaging requirements, the bottles may be packed into boxes which will also be printed with the batch number, manufacturing date and expiry date. Bottles, metal tins and paper cans will be packed into cartons to prepare for delivery.

Sachets and blister packs will be printed with the batch number, manufacturing date and expiry date before being packed into boxes. We have 1 unit of robotic arm packing machine to automate the process of packing sachets into boxes, thus reducing the need for manual labour.



Robotic arm packing machine

7. BUSINESS OVERVIEW (CONT'D)

Teabags will be directly packed into boxes and the batch number, manufacturing date and expiry date will be printed on the boxes. The boxes will be sealed using shrink wrap and packed into cartons to prepare for delivery.

Samples from each batch of manufacturing will be retained for product tracing purposes when required, and will be disposed at the end of the product shelf life. Please refer to Section 7.9 of this Prospectus for further details on the QA and QC carried out during the manufacturing process and on the finished products.

(ix) Storage and delivery

All ready products will be temporarily stored in our warehouse while logistics are being arranged to deliver the products to our customers. Further details on the quality control procedures undertaken throughout the manufacturing process are as set out in Section 7.9 of this Prospectus.

7.9 QUALITY ASSURANCE AND QUALITY CONTROL

Our Group places strong emphasis on the safety of all products manufactured in our factories. We are committed to ensure that the food safety management system that we have put in place is in accordance with internationally recognised standards and practices such as obtaining ISO and HACCP certifications as set out in the certifications table below. To meet these standards and requirements, quality control procedures are incorporated within our manufacturing processes to ensure the quality and safety of our products.

In order to ensure that the quality and safety of our products are upheld, the quality control procedures incorporated into our operations from sourcing to delivery are as set out below:

Process	Type of analyses and tests	Quality control procedure
Active ingredient extraction		
In-coming raw materials quality control	Review of certificate of analysis	To ensure that the raw materials comply to its specifications before they are used for extraction.
In-process quality control	Moisture analysis	To determine the moisture content in the extracted material.
	UV spectrum test	To determine the content of the active ingredients of the extracted material.
	pH value test	To determine the acidity/alkalinity of the extracted material.
	Heavy metal test	To ensure the heavy metals such as lead, arsenic, cadmium and mercury, are within the specification.
	Microbial test	To ensure the absence of contamination from microbes.
	Physical appearance	To determine the colour and texture of the active ingredient.

7. BUSINESS OVERVIEW (CONT'D)

<u>Process</u>	<u>Type of analyses and tests</u>	<u>Quality control procedure</u>
	Stability test	To evaluate and determine the shelf life of the formulated sample.
Product formulation		
In-coming raw materials and food ingredients quality control	Review of certificate of analysis	To ensure that the raw materials and food ingredients comply to its specifications before they can be accepted as our inventory.
	Organoleptic test	To determine the colour and texture of the raw materials and food ingredients.
	UV spectrum test	To determine the content of the active ingredients of the extracted material.
	Packaging condition	To ensure that there are no damages on the packaging of the raw materials and food ingredients that may cause contamination, to ensure the details on the packaging such as the batch number, manufacturer name and expiry date is correct.
	pH value test	To determine the acidity/alkalinity of the raw materials and food ingredients.
	Viscosity	To measure the internal resistance of active ingredient to viscosity flow.
In-process quality control	Moisture analysis	To detect the moisture content of the raw materials and food ingredients.
	Organoleptic test	To evaluate the acceptability of sample in terms of appearance, taste, scent and/or texture.
	pH value test	To determine the acidity/alkalinity of the formulated sample.
Production		
In-coming raw materials and food ingredients quality control	Review of certificate of analysis	To ensure that the raw materials and food ingredients comply to its specifications before they are used in production.
	Physical appearance	To determine the colour and texture of the raw materials and food ingredients.
	UV spectrum test	To determine the content of the active ingredients of the extracted material.
	Quantity and weight	To ensure that the quantity and weight of the raw materials and food ingredients are in accordance with the delivery order.

7. BUSINESS OVERVIEW (CONT'D)

<u>Process</u>	<u>Type of analyses and tests</u>	<u>Quality control procedure</u>
	pH value test	To determine the acidity/alkalinity of the raw materials and food ingredients.
Incoming materials and labelling control	Quantity	To ensure the quantity of the packaging materials is in accordance with the delivery order.
	Printing	To ensure clear and correct printing of the packaging materials and labelling.
	Packaging condition	To ensure that there are no damages and defects on the packaging materials.
In-process control	Physical appearance	To determine the colour, taste and/or texture of the powder or liquid mixture after mixing.
	Moisture analysis	To determine the water content in the mixture after mixing and/or drying.
	pH value test	To determine the acidity/alkalinity of the mixture that contribute to microbial stability.
	Vacuum leak test	To detect defects in the sealing of cans and sachets of finished products.
	Uniformity of content	To assess the individual content of active ingredients in each type of form.
	Sealing inspection	To detect defects in the sealing of cans and sachets of finished products through visual inspection.
Finished products inspection	Uniformity of weight	To ensure that the weight of the finished products is in accordance with the weight specification.
	Packaging condition	To ensure that the products are packed and labelled correctly.
	Printing quality	To ensure clear and legible printing of batch number, manufacturing date and expiry date.
	Microbial test	To ensure the absence of contamination from microbes.
	Heavy metal test	To ensure heavy metals such as arsenic, cadmium, lead and mercury, are within the product specifications.
	Disintegration test	To determine whether the vegetable softgel capsules, hard capsules and tablets disintegrate within prescribed time.

7. BUSINESS OVERVIEW (CONT'D)

<u>Process</u>	<u>Type of analyses and tests</u>	<u>Quality control procedure</u>
	Capsules appearance	To ensure that there are no deformity and defects on the capsules, as well as the shape and/or colour of the capsules are in accordance with product specification.
	Tablet hardness test	To determine the resistance of tablets to compression.
	Tablet friability test	To determine the resistance of tablets to breakage or deformation under condition of handling, storage and transportation.
	Stability test	For dietary supplements, random sample of products will undergo accelerated stability test and real-time stability test to evaluate and determine the quality and shelf life of the product.

In addition, our stringent quality control procedures are demonstrated and attested by the following certificates received by our subsidiaries as at LPD:

<u>Name of entity</u>	<u>Name of certificate</u>	<u>Certification body</u>	<u>Scope of certification</u>	<u>Date first awarded</u>	<u>Validity period</u>
Orient Biotech and Orient Laboratories	International Organisation of Standardisation (“ISO”) 9001:2015 Quality Management System (Selayang Factory)	LRQA Limited	Applicable to manufacture and marketing of food, dairy products, health food supplements and traditional medicines	13 September 2001	13 September 2022 – 12 September 2025
Orient Biotech	ISO 9001:2015 Quality Management System (Rented Serendah Factory)	LRQA Limited	Applicable to manufacture and marketing of food, dairy products.	11 October 2023	11 October 2023 – 12 September 2025
Orient Laboratories	Certificate of Registration with the US FDA	Registrar Corp	Affirms that the facility is registered with the US FDA pursuant to the Federal Food Drug and Cosmetic Act that allows products manufactured in this facility to be sold in the US.	8 May 2013	11 September 2023 – 31 December 2024

7. BUSINESS OVERVIEW (CONT'D)

Name of entity	Name of certificate	Certification body	Scope of certification	Date first awarded	Validity period
Orient Biotech and Orient Laboratories	Certificate of Approval based on MS 1480:2019 Food Safety According to HACCP System (Selayang Factory)	LRQA Malaysia Sdn Bhd	Applicable to the management of HACCP system for blending and packing of milk and soymilk powders, probiotic, collagen and beverage mix powders	30 September 2013 (Orient Laboratories) and 30 September 2022 (Orient Biotech)	30 September 2022 – 29 September 2025
Orient Biotech	Certificate of Approval based on MS 1480:2019 Food Safety According to HACCP System (Rented Serendah Factory)	LRQA Malaysia Sdn Bhd	Applicable to the management of HACCP system for blending and packing of milk and soymilk powders.	30 September 2022	30 September 2022 – 29 September 2025
Orient Biotech and Orient Laboratories	NASAA Certified Organic ⁽¹⁾	NASAA Certified Organic P/L	Affirms that the products registered are organic	27 November 2020 (Orient Biotech) and 7 December 2022 (Orient Laboratories)	27 November 2023 – 31 October 2024
Orient Biotech	Certificate of Authentication HALAL (Selayang Factory)	JAKIM and JAIS	Affirms that the manufacturing facility registered with JAKIM and JAIS pursuant to the Islamic law and Malaysian Halal Standards certifies the manufacturing facility as Halal.	1 December 2021	16 January 2023 – 15 January 2026
Orient Biotech	Certificate of Authentication HALAL (Rented Serendah Factory)	JAKIM and JAIS	Affirms that the manufacturing facility registered with JAKIM and JAIS pursuant to the Islamic law and Malaysian Halal Standard certifies the manufacturing facility as Halal.	1 December 2021	1 November 2023 – 31 October 2026

7. BUSINESS OVERVIEW (CONT'D)

<u>Name of entity</u>	<u>Name of certificate</u>	<u>Certification body</u>	<u>Scope of certification</u>	<u>Date first awarded</u>	<u>Validity period</u>
Orient Laboratories	Certificate of Authentication HALAL (Selayang Factory)	JAKIM and JAIS	Affirms that the manufacturing facility registered with JAKIM and JAIS pursuant to the Islamic law and Malaysian Halal Standards certifies the manufacturing facility as Halal.	16 October 2008	1 December 2023 – 30 November 2026
Orient Biotech	Certificate of Registration for Food Premises (Rented Serendah Factory)	MOH	Affirms that the manufacturing facility is registered with the Ministry of Health pursuant to the Food Act 1983 and Food Hygiene Regulations 2009.	13 July 2022	13 July 2022 – 13 July 2025
Orient Biotech and Orient Laboratories	Certificate of Registration for Food Premises (Selayang Factory)	MOH	Affirms that the manufacturing facility is registered with the Ministry of Health pursuant to the Food Act 1983 and Food Hygiene Regulations 2009.	19 July 2010 (Orient Biotech) and 15 September 2022 (Orient Laboratories)	16 July 2022 – 16 July 2025 (Orient Biotech) and 15 September 2022 – 15 September 2025 (Orient Laboratories)

Note:

- (1) In the event that the certificate is not renewed, our Group does not foresee any material impact on our Group's business operations and financial performance as the certificate is not a requisite approval and/or licence in carrying out our business operations.

Our Group had engaged NASAA to certify the organic food ingredient and products, further details of which are set out in the table below:

<u>Product name</u>	<u>Form</u>	<u>Product Description</u>	<u>Status</u>
<u>Food ingredient</u>			
Organic Lactobacillus Powder	Powder	As active ingredient used in the manufacturing of fortified F&B.	Certified organic by NASAA

7. BUSINESS OVERVIEW (CONT'D)

Product name	Form	Product Description	Status
House brand			
Bonlife Organic Full Cream Milk Powder	Powder	Made into a beverage when mixed with warm water. Contains 100% certified organic full cream milk powder. Does not contain added sugar, antibiotics, growth hormones, chemicals, pesticides nor herbicide residue.	Certified organic by NASAA
Bonlife Organic Goatmilk Powder ⁽¹⁾	Powder	Made into a beverage when mixed with warm water. Does not contain preservatives nor artificial colouring.	Certified organic by NASAA
Bonlife Sacha Inchi Oil ⁽¹⁾	Oil	Traditionally used for general health.	Certified organic by NASAA
Bonlife Organic Bonmilk Step 3 (1-3 years) Milk Powder	Powder	Made into a beverage when mixed with lukewarm water. Contains organic cow milk fortified with arachidonic acid, algae DHA, nucleotides, prebiotics, vitamins and minerals. Does not contain antibiotics, growth hormones, chemicals, pesticides, herbicide residue, artificial colouring nor preservatives.	Certified organic by NASAA
Bonlife Organic Bonmilk Step 4 (3-7 years) Milk Powder	Powder	Made into a beverage when mixed with lukewarm water. Contains organic cow milk fortified with arachidonic acid, algae DHA, nucleotides, prebiotics and probiotics, vitamins and minerals. Does not contain antibiotics, growth hormones, chemicals, pesticides, herbicide residue, artificial colouring nor preservatives.	Certified organic by NASAA
Bonlife Organic Soymilk Powder	Powder	Made into a beverage when mixed with warm water. Contains organic soymilk derived from skin-peeled organic beans, fortified with algae DHA and probiotics. Does not contain pesticides, artificial colouring nor preservatives.	Certified organic by NASAA
Bonlife Organic Spirulina Tablet ⁽²⁾	Tablet	Traditionally used for general health.	Certified organic by NASAA
Bonlife Organic Wheat Grass Powder ⁽³⁾	Powder	Made into a beverage when mixed with water or juice. Does not contain binding agents, fillers, preservatives, pesticides nor artificial colouring.	Certified organic by NASAA
Bonlife Organic Sacha Inchi Oil 500mg Softgel ⁽⁴⁾	Softgel	Traditionally used for general health.	Not certified organic by NASAA

7. BUSINESS OVERVIEW (CONT'D)

Product name	Form	Product Description	Status
<u>Third party brands</u>			
Vinter Wheat Grass Powder	Powder	Made into a beverage when mixed with water or juice. Does not contain binding agents, fillers, preservatives, pesticides nor artificial colouring.	Certified organic by NASAA
CL Organic Sacha Inchi Oil Softgel ⁽⁴⁾	Softgel	Traditionally used for general health.	Not certified organic by NASAA

Notes:

- (1) No longer an active house brand product.
- (2) Refers to Bonlife Spirulina 200mg Tablets.
- (3) Refers to Bonlife Organic Wheat Grass Powder.
- (4) The active ingredient, i.e. sachal inchi oil that we source from our supplier to manufacture the products is certified organic. However, the products have not been certified organic by NASAA and our Group has no intention to pursue organic certification for the products. As such, there is no labelling of NASAA's logo on these products.

In addition, the fortified F&B and dietary supplements that we manufacture at our Selayang Factory and Rented Serendah Factory also meet the GMP requirements, which provides further confidence to our customers on the quality and safety of our products.

7.10 RESEARCH AND DEVELOPMENT

Our product development activities are carried out in-house by our product development team, consisting of 8 R&D personnel, which is led by Lee Chee Keat, our R&D Manager who has 17 years of experience in the fortified F&B and dietary supplements industry. Our product development team stays abreast with the latest trends introduced in the market to identify opportunities to develop and introduce new products to expand our offerings.

7.10.1 Product development

Our Group's product development activities primarily focus on the development of new product formulations as well as continuously improving or enhancing existing product formulations to cater for consumers' changing preferences for fortified F&B and dietary supplements. The process entails continuous experiment to test the stability of newly formulated products. We also continuously identify new ingredients to enhance our product offerings through in-house market research and library research of published journals as well as collaboration with a university to gain access to the latest developments on fortified F&B and dietary supplements. Our product development team has the capability to carry out in-house testing of newly formulated products which encompasses UV spectrum test, pH value test, organoleptic test and viscosity test. These tests can be carried out by our Group due to the small sample size required for testing. The key equipment that we use to support the aforementioned tests include a spectrophotometer, pH meter, viscosity meter, liquid homogenizer, incubator shaker, incubator, disintegration tester, friabilator, oven and fridge, of which we have 1 unit each and these equipment are catered for lab-scale testing

7. BUSINESS OVERVIEW (CONT'D)

of small sample size. Most of these equipment are placed in our laboratory while some are placed outside of our laboratory (i.e. R&D office and QC room) such as the oven, fridge, incubator, pH meter and viscosity meter. Depending on the tests required, we may carry out certain tests on a daily basis or on a weekly basis. As at LPD, the equipment that we have in our laboratory is sufficient to support our product development activities as there is currently no equipment limitation on the number of tests that can be carried out in a day. On the other hand, for tests such as nutrition tests, heavy metal tests and microbial tests, we will send it to third party laboratories for external verification.

The development of new products and enhancement of existing products is part of our continuous effort to remain competitive in the market by constantly offering products that is in accordance with market trends and demand. Development of new product formulations is also carried out upon request by our customers for customised fortified F&B or dietary supplements.

During the Financial Years Under Review and up to LPD, we have collectively manufactured a total of 180 formulations of fortified F&B and 48 formulations of dietary supplements for third party brand owners and our house brands. Given our product development capabilities, we had over the years, cumulatively formulated 1,217 formulations of fortified F&B, as well as formulated 106 formulations of our dietary supplements that are registered with the NPRA which are readily available for manufacturing and commercialisation. Please refer to Section 7.4 of this Prospectus for the summary on the number of products manufactured and formulated.

With the continuous effort taken by our Group to develop new formulations and enhance our existing range of product offerings, we will be well-positioned to capture business opportunities and to expand our market presence.

For the Financial Years Under Review, the product development expenses incurred by our Group amounted to RM0.94 million, RM0.79 million, RM0.96 million and RM1.04 million respectively, representing 3.16%, 1.81%, 2.07% and 2.04% of our Group's total revenue.

7.10.2 Clinical trial for sachai inchi oil supplement

A clinical trial is conducted by our Group to provide more information and confidence to the consumers on the fundamental characterisation and functional verification of a particular product. In selecting a product to undergo a clinical trial, we will take into consideration the marketability of a particular product, market claims on the efficacy of the product, and whether there are any similar clinical trials being carried out by other industry players in the market. As sachai inchi oil is a dietary supplement with many health claim benefits, our Group has selected it for clinical trial to assess its efficacy on hyperglycaemia, hypertension and hyperlipidaemia patients.

We had, in December 2020, entered into a research collaboration agreement with USM to undertake research on the development of sachai inchi oil supplementation for the improvement of hyperglycaemia, hypertension and hyperlipidaemia. This was the first clinical trial conducted by our Group. Sachai inchi oil supplement is a dietary supplement in which the active ingredient is extracted from the seed of the sachai inchi plant. The trial was carried out by a team of researchers from USM and focuses on the consumption of *Bonlife* Organic Sachai Inchi Oil 500mg Softgel. Our Group's involvement in the trial includes funding the research, ensuring sufficient supply of *Bonlife* Organic Sachai Inchi Oil 500mg Softgel throughout the period of the trial, preparing advertisement poster for the recruitment of participants, and preparing documents for the application of Human Ethical Approval from USM Institutional Research Board, among others.

7. BUSINESS OVERVIEW (CONT'D)

The clinical trial was conducted from December 2020 to June 2022 and the details of the clinical trial, include among others, the following:

- To investigate whether an oral dose of 500mg of sacha inchi oil supplement twice daily could reduce glycated haemoglobin, reduce systolic and diastolic blood pressure, improve lipid profile and improve cardiometabolic health profile of patients suffering from hyperglycaemia, hypertension and hyperlipidaemia;
- A sample size of 54 participants above the age of 18 years old were recruited from the Day care unit of Advanced Medical and Dental Institute, USM, Pulau Pinang;
- The participants recruited must be diagnosed with hyperglycaemia, hypertension and hyperlipidaemia for at least 6 months without any complications, and are not taking anti-inflammatory supplementation;
- Among the 54 participants, 27 participants were given *Bonlife* Organic Sacha Inchi Oil 500mg Softgel supplementation whereas the remaining 27 participants were given corn oil supplementation to be consumed for a period of 3 months;
- Blood samples and health readings were taken prior to the start of the trial and at the end of 3 months after consuming the supplement. At the end of 3 months, changes in a participant's health condition upon consuming *Bonlife* Organic Sacha Inchi Oil 500mg Softgel supplementation were evaluated and examined, whereby fasting blood sugar and glycated haemoglobin test is carried out to measure hyperglycaemia, lipid profile test is carried out to measure hyperlipidaemia, and diastolic and systolic blood pressure are taken to measure hypertension; and
- The safety and tolerability of the intervention was also evaluated through adverse event reports and verbal complaints of gastrointestinal discomfort. Liver function test and kidney function test have been carried out to ensure that there were no changes to these health indicators prior to and at the end of the trial. This is to ensure that the participant's health conditions were not adversely affected. Other research parameters involved in the assessment of blood profile parameters were antioxidative tests and inflammatory test.

The clinical trial shows that, with the consumption of *Bonlife* Organic Sacha Inchi Oil 500mg Softgel supplementation twice daily, participants with hyperglycaemia, hypertension and hyperlipidaemia had demonstrated:

- Improvement in systolic and diastolic blood pressures whereby the systolic blood pressure and diastolic blood pressure had reduced from 143.56 ± 15.2 mmHg and 83.78 ± 10.1 mmHg respectively, to 135.78 ± 15.9 mmHg and 76.70 ± 8.9 mmHg, respectively;
- Improvement in total cholesterol and LDL profiles whereby total cholesterol had reduced from 5.03 ± 0.58 mmol/L to 4.51 ± 0.64 mmol/L, and LDL cholesterol had reduced from 2.49 ± 0.86 mmol/L to 2.23 ± 0.70 mmol/L; and
- Minimal gastrointestinal side effect such as abdominal pain, bloating, nauseous, vomiting, heartburn, diarrhoea, and constipation, and it was well tolerated following prolonged consumption.

For avoidance of doubt, the presentation of the clinical trial results is based on raw data (without the addition of confounding factors, i.e. external factors such as age, existing medical prescriptions and physical activity, in the experiment that affect the variables using statistical tools).

7. BUSINESS OVERVIEW (CONT'D)

As a result of the clinical trial, our Group had recorded increase in sales of house brand dietary supplements by RM0.61 million, or 39.61%, to RM2.15 million for FYE 2023 (FYE 2022: RM1.54 million), mainly from the sales of *Bonlife* Organic Sacha Inchi Oil 500mg Softgel and *Bonlife* SachaQ10 Plus Softgel, which collectively increased by RM0.81 million for FYE 2023. In FYE 2024, our sales of *Bonlife* Organic Sacha Inchi Oil 500mg Softgel and *Bonlife* SachaQ10 Plus Softgel marginally increased to RM1.52 million (FYE 2023: RM1.51 million). The research collaboration effort with USM to undertake research on the development of sacha inchi oil supplementation for the improvement of hyperglycaemia, hypertension and hyperlipidaemia has enabled our Group to gain customer confidence on its product by providing third party verification on the product efficacy through scientific research.

7.11 TECHNOLOGY

We employ the following technology in our manufacturing activities:

Technology		Description
Vegetable manufacturing technology	softgel	A technology that produces vegetable gelatin films for vegetable softgel capsules, through the mixing of plant-based materials at a controlled temperature and controlled moisture level.
Granular technology	drying	A granular dryer that uses temperatures between 70 degrees Celsius and 90 degrees Celsius to dry organic probiotic cultures and herb extracts. Our granular drying technology allows the removal of moisture from granular ingredients, while preventing the destruction of vitamins and other nutrients throughout the granular drying processes.
Herbs technology	extraction	A technology that uses reverse osmosis water to extract active ingredients at temperatures between 70 degrees Celsius and 90 degrees Celsius at a controlled duration.
Oil extraction technology		A technology that uses cold-press to extract oil from plant seeds at controlled temperature and pressure to prevent the destruction of omega fatty acids and vitamins. The technology also encompasses a membrane filtration process to remove impurities.
Organic probiotic culture technology		A technology that cultures probiotics such as <i>Lactobacillus acidophilus</i> , at a controlled sterile medium, temperature and a humidity level of an oxygen-tolerant anaerobic environment, to achieve the required colony size (bacterial count) of live bacteria.

7. BUSINESS OVERVIEW (CONT'D)

7.12 MODE OF SALES AND MARKETING

Our Group's sales and marketing strategies are as set out below:

(i) Direct approach and referral

We secure new customers through direct contact with potential customers as well as through referrals from our existing customers. Our sales and marketing team constantly observes the market development in the fortified F&B and dietary supplements industry to keep our Group up-to-date with the constant change in consumers' demand and preference, as well as collecting market information to identify potential customers. Our sales and marketing team would then engage the potential customers directly and propose to them the products and manufacturing services which we provide. By keeping abreast with industry updates, we are able to leverage on our expertise to propose new formulations to our customers for our fortified F&B and dietary supplements manufacturing services, thus providing us with the competitive advantage to convince customers to acquire our services. Further, we also leverage on our expertise to propose new formulations to our existing customers to expand their range of product offerings which, in turn, aids in generating more sales for our Group.

(ii) Online marketing

We have established our corporate website at www.orient.com.my, as a platform for introducing our Group's services to potential customers and providing immediate basic information on our Group. Enquiries received through our corporate website are channelled to our sales and marketing team for their handling. In addition, we have established a website for our house brand, *Bonlife* at www.bonlife.com.my, in which our website also functions as our in-house e-commerce platform for consumers to make direct purchases.

As at LPD, we also leverage on a social media platform, namely Facebook, to advertise and market our manufacturing services of fortified F&B and dietary supplements to third party brand owners and our house brand products. In addition, we leverage on third party e-commerce platforms namely Shopee, Lazada and TikTok, to advertise, market and sell our house brands' products to consumers as well as to enhance our brand presence.

We also conduct online advertising and marketing activities of our services through Facebook Ads, and house brands through Facebook postings, Facebook Ads and Instagram postings. We also use our social media page on Facebook as an engagement platform to promote our products and services.

Further, we also engage with third party marketing agents to sell our house brand products online for *GoHerb*, *EZ:Nitez* and *Zenliv*. We enter into agreements with our marketing agents, in which they will conduct and provide online marketing services on social media platforms and third party e-commerce platforms, amongst others. Through the agreement, our marketing agents have the exclusive rights to market all products under our respective house brands. Our Group will manufacture and deliver the products to the marketing agents who will then distribute the products to their customers, or assign a third party fulfilment centre to store and arrange the distribution of the products to our marketing agents' customers. The appointment of marketing agents was driven by our Group's strategy to leverage on these third party's marketing capabilities to market our products, and to focus our internal resources in product development and manufacturing. With this strategy, we leverage on our marketing agents' resources to grow the sales of our house brands. Further details on the arrangement with our marketing agents are set out in Section 7.3.2 of this Prospectus. The revenue contributed by the third party marketing agents were RM1.78 million, RM3.20 million and RM6.74 million for the FYEs 2022 to 2024, respectively. There was no revenue contribution for the FYE 2021 as the marketing agents were first appointed during FYE 2022.

7. BUSINESS OVERVIEW (CONT'D)

The current widespread use of the internet as a source of information enables us to cross geographical borders and facilitates access from any part of the world, enhancing our potential market reach and exposure. Moving forward, we will continue to explore and engage in different advertising and marketing activities that are suitable for the latest consumer trend to expand our brand presence.

(iii) Trade fairs and exhibitions

Through trade fairs and exhibitions, we are able to introduce our products and services to new markets, build customer relationships and establish contact with potential customers, while promoting our market presence. Trade fairs and exhibitions are our key source for developing initial contact with potential customers. Trade fairs and exhibitions that we have participated over the past years are as set out below:

Year	Trade fair/exhibition	Organiser	Location
December 2021	The Asia Pacific International Honesty – Book of Records 2021	Asia Pacific Excellence Committee	TOP Brand Berjaya Times Square Hotel, Kuala Lumpur
December 2021	Motherhood Baby Fair	Motherhood.com.my	Setia Alam City Convention Center, Selangor
November 2022	Vistage CEO Tea Talk	Vistage Malaysia Sdn Bhd	Avante Hotel, Bandar Utama, Selangor
August 2023	Vistage CEO Tea Talk	Vistage Malaysia Sdn Bhd	Le Meridien Petaling Jaya, Selangor

(iv) Awareness programme

We have also organised an awareness programme to promote the uses and health benefits of our house brand product as set out below:

Year	Awareness programme	Location
December 2022	Human Clinical Trial: The efficacy of sacha inchi oils for improvement of hyperglycemia, hypertension and hypercholesterolemia (hyperlipidaemia)	Mercure Hotel, Selayang, Selangor

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7. BUSINESS OVERVIEW (CONT'D)

7.13 COMPETITIVE STRENGTHS**7.13.1 Our industry experience and expertise in the industry enable us to provide customised formulations of fortified F&B and dietary supplements to suit the needs of our customers**

Having been in the industry for 29 years, we have gained extensive experience in the formulation and manufacturing of fortified F&B and dietary supplements. Through in-depth insights gathered from our customers and suppliers, we are able to identify various consumer preferences and latest market trends. As such, we are able to utilise these insights and advise a broad range of local and foreign customers on matters pertaining to the formulation of fortified F&B and dietary supplements based on their target markets, as well as in introducing our house brands' products based on latest market trends.

Our expertise is further attested by our ability to provide fully customisable manufacturing services to our customers which is supported by our in-house capability in product development. This is demonstrated by the wide range of formulations that we have developed over the years, in which we had cumulatively formulated approximately 1,217 formulations of fortified F&B, as well as 106 formulations of dietary supplements for third party brand owners and our house brands that are registered with the NPRA which are readily available for manufacturing and commercialisation. Please refer to Section 7.4 of this Prospectus for the summary on the number of products manufactured and formulated. The ability to undertake product development activities is attributable to our in-house product development team which enables our Group to develop products that fulfils the needs of consumers of various demographic profiles and lifestyles such as children, women, health-conscious individuals and the elderly. Further, our ability to perform in-house extraction of botanical-based active ingredients and culturing of probiotics, as well as our extensive experience that we have developed over the years to generate our own method of processing enable our Group to minimise the possibility of our products from being easily replicated by other manufacturers, thus safeguarding our interest as the product formulator.

In addition, we conduct internal market research to keep abreast with latest market trends, consumer preferences and updates on manufacturing technology. Through the internal market research, we will identify popular products in the market, including the pricing range, content of active ingredients, selling points and packaging sizes of the products. This is carried out through study of industry publications, interaction with consumers in trade fairs and exhibitions, and follow-up with customers and suppliers for product improvement feedback. These insights allow us to continuously improve our existing formulations and develop new formulations for fortified F&B and dietary supplements to meet the demands and needs from different consumer groups. This also enables our Group to provide advice to our customers on the type of products to be developed based on our understanding of the latest market trends and our customers' requirements.

7.13.2 We provide end-to-end solutions to customers from development of product formulations to manufacturing as well as a wide range of product offerings

Our Group has the capability to provide end-to-end solutions to customers for the manufacturing of fortified F&B and dietary supplements, where our services comprise the development of product formulations, product registration, sourcing of supplies, manufacturing and packing of products, and delivery of products to our customers' designated location. Our end-to-end solutions enable us to meet customers' needs and with that, we are able to support our customers throughout the entire process from product development to the manufacturing of fortified F&B and dietary supplements.

7. BUSINESS OVERVIEW (CONT'D)

Hence, it provides convenience and enhances efficiency as customers do not need to source for multiple suppliers to manufacture and deliver their products. With this, our customers will be able to focus their resources on their own product branding, sales and marketing activities. Further, our ability to provide end-to-end solutions has been crucial to our Group, as it enables us to maintain long term business relationships with existing customers and to secure new customers, as we continue to grow our business.

In addition, we are also able to offer a wide range of product offerings to our customers, as we have the ability to manufacture products in a variety of forms comprising vegetable softgel capsules, hard capsules, tablets (including effervescent tablets), teabags, liquid beverages, powder mixes and jelly, in packaging such as sachets, bottles, metal tins and/or paper cans. Please refer to Section 7.4 of this Prospectus for more details on our products and services. This wide range of product form offerings is further supplemented by our ability in providing fully customisable manufacturing services to our customers as set out in Section 7.13.1 of this Prospectus.

7.13.3 We have developed a multi-channel distribution platform and a portfolio of customers with longstanding business relationships

As a manufacturer involved in the provision of manufacturing services of fortified F&B and dietary supplements, our customers comprise fortified F&B brand owners, dietary supplements brand owners, wholesalers, chain pharmacies and direct selling companies. For our manufacturing services, we secure new customers through direct contact with potential customers, referrals from our existing customers and social media platforms, where we engage with potential customers to propose our manufacturing capabilities. During the Financial Years Under Review, we have a portfolio of 41, 51, 66 and 83 customers, respectively, under our manufacturing services. We have developed longstanding business relationships with our portfolio of customers of up to 20 years. Further details on the length of business relationship that we have established with our top 5 major customers are set out in Section 7.18 of this Prospectus.

For our *Bonlife* products, we have established a network of sales and distribution channels comprising chain retailers and online store retailers, as well as a sole distributor for onward distribution to other independent retailers in Malaysia. We also carry out direct sales to consumers through e-commerce platforms to market our *Bonlife*, *Zen Night*, *Sleepin' Beaute*, *Beyoute* and *Zen Youte* products. Further, we have appointed third party marketing agents for the distribution of our other house brands, namely *GoHerb*, *EZ:Nitez* and *Zenliv*. Please refer to Section 7.3.2 of this Prospectus for further details on the sales and distribution channels for our house brands' products. The strategy of using different distribution channels enable us to expand our market coverage in targeting the mass market without the need for significant investments in sales and marketing activities. Hence, through our various distribution platforms, we are able to reach out to a diversified customer base, thereby mitigating concentration risks when it comes to generating revenue.

7.13.4 We are accredited with various certifications as a testament of our manufacturing compliance to food quality and safety standards

Over the years of our business operations, we have received several certifications which attest to the manufacturing standards and product compliance of our fortified F&B and dietary supplements. Among the certifications that we have received include ISO 9001:2015 Quality Management System certification, FDA certification, HACCP System certification and NASAA Certified Organic certification, in which these certifications are internationally recognised. Further details on the certifications that we have obtained are set out in Section 7.9 of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

In addition to the abovementioned certifications, in Malaysia, dietary supplements must be awarded with MAL certificates before they are allowed to be commercialised in the market. MAL certificates bear registration numbers for products which have been approved by the NPRA for sale or use in Malaysia, for which the product has been evaluated and tested for its quality and safety. All dietary supplements manufactured by our Group for sale in the market carries their own MAL certificates.

While the requirement for registration is not required for fortified F&B, we observe our compliance with the regulations for the manufacturing of fortified F&B under the Food Act 1983, Food Regulations 1985 and Food Hygiene Regulations 2009 to ensure that our products are safe for human consumption and meet the relevant standards and conducts applicable to our products. Hence, to attest the quality and safety of our fortified F&B, we have obtained the ISO 9001:2015 Quality Management System certification, HACCP System certification and NASAA Certified Organic certification.

In addition, the manufacturing facilities/processes of our Selayang Factory and Rented Serendah Factory meet the respective GMP standards, Halal regulations and HACCP standards. As such, the fortified F&B and dietary supplements that we manufacture at our Selayang Factory and Rented Serendah Factory meet the GMP, Halal and HACCP requirements, which provides further confidence to our customers on the reliability and compliance of our manufacturing services. The Halal certifications that we possess would allow us to reach out to wider community.

Due to the nature of our business, our Group places strong emphasis on the quality and safety of products manufactured in our factory. The certificates and accreditations which we have received would provide confidence to our customers that our manufacturing services are compliant with internationally recognised standards. In turn, this enhances our market reputation in the provision of manufacturing services of fortified F&B and dietary supplements. Given that we are able to meet quality related prerequisites, we believe that we are well positioned to further grow our business in the local and export markets of fortified F&B and dietary supplements.

7.13.5 We have an experienced and hands-on management team

Our Group is led by an experienced and technically skilled management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Managing Director, ES Teoh, who has 29 years of experience in the fortified F&B and dietary supplements industry to grow the business. His experience, drive and passion for our business has been instrumental to our Group's continuous expansion. He has conceptualised and implemented various business and marketing strategies that led our Group to its current position in the industry. He is supported by our Executive Director and the following Key Senior Management:

Name	Designation	Years of relevant working experience ⁽¹⁾
Faun Chee Yarn	Financial Controller	37
Lew Yoke Chin	General Manager	20
Lee Chee Keat	R&D Manager	18
Lee Kok Onn	Factory Manager	31
Pang Poh Lye	Legal Manager	26
Yap Weng Fong	Production Manager	30

Note:

- (1) Years of relevant working experience refers to the working experience accumulated within their field of expertise and/or in the fortified F&B and dietary supplements industry.

7. BUSINESS OVERVIEW (CONT'D)

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. They take an active role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand. Please refer to Section 5 of this Prospectus for the profiles of our Managing Director, Executive Director and Key Senior Management.

7.14 BUSINESS STRATEGIES AND FUTURE PLANS**7.14.1 We intend to construct our New Serendah Factory to improve manufacturing efficiency and to cater for increasing demand in anticipation of future expansion**

As at LPD, our business and manufacturing activities are carried out at our Selayang Factory for the manufacturing of fortified F&B and dietary supplements and Rented Serendah Factory for the manufacturing and packing of fortified F&B.

Due to the layout of the existing building of our Selayang Factory, we are not able to optimise the configuration of our manufacturing flow whereby machines for different stages of the manufacturing process are not aligned in the most efficient manner and are not set up at the same floor. As at LPD, we also have limited space at our Selayang Factory for our workers carry out manual work and to move intermediate products from one machine to another through each stage of the manufacturing process, resulting in inefficient use of time and manpower. In addition, automation of workflow is limited as our machines cannot be configured into one continuous manufacturing line within the limited space in our Selayang Factory. Further, our Rented Serendah Factory that is used to manufacture and pack fortified F&B is rented from a third party. As we continue to grow our business, we intend to operate from our own factory, with optimised configuration of machinery and larger manufacturing space in anticipation of our business expansion going forward.

With the construction of our New Serendah Factory, we will be able to customise the layout of our manufacturing area to optimise the configuration of our machinery (existing machines and new machines to be purchased), as well as to invest in new machinery and equipment in order to enhance our manufacturing workflow and efficiency whereby we are able to automate certain workflows such as installing connecting pipes from one machine to another to transfer intermediate products given the larger space, thus replacing manual labour to transfer intermediate products. This will allow our manufacturing workflow to be more linear and continuous as compared to our current manufacturing workflow.

When our New Serendah Factory is ready for operations, we will relocate and focus the manufacturing activities of fortified F&B in this factory which has enhanced manufacturing workflow and efficiency, due to the higher revenue contribution from the manufacturing of fortified F&B which accounted for 75.48%, 75.22%, 70.52% and 64.64% of our Group's revenue in the Financial Years Under Review. Hence, as we continue to grow our sales for fortified F&B, our Group will require larger space to accommodate the anticipated increase in manufacturing needs for fortified F&B. Following our relocation of our manufacturing activities of fortified F&B to our New Serendah Factory, we will also cease the rental of our Rented Serendah Factory. Consequently, our Selayang Factory will focus on the manufacturing of dietary supplements. Given the relocation of manufacturing activities for fortified F&B to New Serendah Factory, this will give our Selayang Factory additional space to optimise the configuration of our manufacturing flow, thus streamlining our manufacturing processes and mitigate time and manpower inefficiencies for the manufacturing of dietary supplements. With the New Serendah Factory, it also gives our Group larger space to centralise the management and storage of our finished goods which are currently spread across different locations as set out in Annexure A of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

In line with our Group's anticipation for future increased sales for our products, we intend to increase our daily manufacturing capacity for powder sachets from 120,000 sachets in FYE 2024 to 400,000 sachets with the purchase of 2 new multilane sachet packing machines, of which one was delivered to our Group in August 2023, and the other one is planned to be purchased via IPO Proceeds. For the new multilane sachet packing machine that has been delivered to our Group, we commissioned the machine in May 2024 upon its installation.

Further, our Group also expects to increase our daily manufacturing capacity for vegetable softgel capsules from 136,000 vegetable softgel capsules in FYE 2023 to approximately 195,000 vegetable softgel capsules with the purchase of a new gelatin loading tank (softgel equipment). The gelatin loading tank (softgel equipment) is expected to complement the manufacturing process of vegetable softgel by transferring the softgel mixture onto our Group's vegetable softgel encapsulation machine. Further details on the gelatin loading tank (softgel equipment) are set out in Section 7.14.2 of this Prospectus.

Hence, with the construction of our New Serendah Factory, we expect to improve manufacturing efficiency, as well as to cater for future business expansion. Further details on our manufacturing capacity for the FYE 2023 and FYE 2024 are set out in Section 7.7 of this Prospectus.

(i) Acquisition of land and indicative timeline

On 22 February 2022, we had entered into a sales and purchase agreement to purchase the New Serendah Land measuring 255,263 sq. ft. to construct our New Serendah Factory. Our New Serendah Factory will have a factory built-up area of 104,598 sq. ft. and office built-up area of 24,382 sq. ft. (including a new laboratory for product development) on a land measuring 210,420 sq. ft., for the first phase of development. In August 2023 and November 2023 respectively, we obtained the approved development order and building plan from Majlis Perbandaran Hulu Selangor to construct our New Serendah Factory, and commenced the construction of the New Serendah Factory in January 2024. As at LPD, there is no plan for the second phase of development with the remaining land area.

The indicative timeline for the construction of our New Serendah Factory is as set out below:

Timeline	Details
2nd half of 2023	<ul style="list-style-type: none"> Obtained the development order and the approved building plan
1st half of 2024	<ul style="list-style-type: none"> Mobilisation and commencement of construction
1st half of 2025	<ul style="list-style-type: none"> Completion of construction Commencement of renovations and installation of facilities including GMP facilities and fire-fighting facilities
2nd half of 2025	<ul style="list-style-type: none"> Certification of completion to be obtained and to commence operations Relevant approvals and licenses to be obtained Relocation of existing fortified F&B manufacturing machineries Purchase and installation of new machines Purchase and installation of new laboratory equipment for product development
1st half of 2026	<ul style="list-style-type: none"> Commence business operations

7. BUSINESS OVERVIEW (CONT'D)**(ii) Source of funding**

The cost of New Serendah Land was RM13.48 million, and it was financed via bank borrowings of RM12.10 million and internally generated funds of RM1.38 million. The cost of the construction of our New Serendah Factory is estimated at RM17.00 million and it is financed via bank borrowings of RM13.50 million and internally generated funds of RM3.50 million.

We intend to allocate RM10.00 million from our IPO proceeds to repay part of the bank borrowings secured for the acquisition of land; and RM4.90 million from our IPO proceeds to repay part of the bank borrowings secured for the construction of our New Serendah Factory. Please refer to Section 4.4.1 of this Prospectus for further details on the utilisation of our IPO proceeds.

7.14.2 We intend to purchase new machines in line with our future expansion plan

Upon the completion of our New Serendah Factory, we will relocate our existing machines for the manufacturing of fortified F&B from our Selayang Factory and Rented Serendah Factory to our New Serendah Factory. Further, with the larger manufacturing space in our New Serendah Factory, we intend to purchase new machines to cater for our Group's planned expansion of manufacturing capacity. The new machines that we intend to purchase for our New Serendah Factory include multilane sachet packing machine, freeze dry machines, extraction and concentration machine, stability chamber and supercritical carbon dioxide extraction machine, while the new machine to be purchased for the manufacturing of dietary supplements in our Selayang Factory is gelatin loading tank (softgel equipment), with further description as below:

Machinery	Description	Number of unit(s)	Estimated costs (RM'000)⁽¹⁾	Estimated funds by IPO proceeds (RM'000)
(i) Multilane sachet packing machine	A machine with multiple lanes that allow simultaneous packing of liquid, jelly or powdered products into sachets.	1	1,180	1,100
(ii) Freeze dry machine	A machine that dehydrates liquid active ingredients at a low temperature and pressure.	2	349	250
(iii) Extraction and concentration machine	A machine that uses reverse osmosis water technology to extract active ingredients at temperatures between 70 degrees Celsius and 90 degree Celsius, and at a controlled duration. This machine has an extraction capacity of 500 litres for commercial use.	1	4,201	2,000

7. BUSINESS OVERVIEW (CONT'D)

Machinery	Description	Number of unit(s)	Estimated costs (RM'000)⁽¹⁾	Estimated funds by IPO proceeds (RM'000)
(iv) Stability chamber	A machine that measures the stability of the product formulated at a controlled temperature and humidity.	1	31	30
(v) Supercritical carbon dioxide extraction machine	A machine that is used for the extraction of molecules or substances from materials such as herbs, using carbon dioxide as a supercritical fluid.	1	1,496	1,300
(vi) Gelatin loading tank (softgel equipment)	A machine used for the mixing and dissolution of formulated gelatin powder at a controlled temperature and condition.	1	467	320
		Total:	7,724	5,000

Note:

(1) The remaining cost of the machines will be funded through internally generated funds.

Upon the completion of construction of our New Serendah Factory, we expect to purchase the above machines by the 2nd half of 2025. The total estimated cost for the purchase of the machines is RM7.72 million, out of which we intend to utilise RM5.00 million from our IPO proceeds to fund the purchase. Please refer to Section 4.4.2 of this Prospectus for further details on the utilisation of our IPO proceeds.

7.14.3 We intend to set up a new laboratory for product development activities in our New Serendah Factory and undertake a clinical trial on our house brand product

We intend to set up a new laboratory in our New Serendah Factory to expand our product development activities as well as to expand our in-house culturing of probiotics strains. We intend to allocate RM0.40 million of our IPO proceeds to finance the purchase of laboratory equipment for our new laboratory. The laboratory equipment we intend to purchase for our new laboratory are as set out below:

Laboratory Equipment	Description	Number of unit(s)	Estimated cost (RM'000)
(i) Autoclave ⁽¹⁾	A machine that sterilises laboratory apparatus at a high pressure to kill harmful bacteria, viruses, fungi and spores.	1	22

7. BUSINESS OVERVIEW (CONT'D)

Laboratory Equipment	Description	Number of unit(s)	Estimated cost (RM'000)
(ii) Biohazard cabinet ⁽¹⁾	An equipment that allows personnel to work with biological samples in a sterile and enclosed environment to prevent cross-contamination.	1	28
(iii) High performance liquid chromatography	A machine that measures the active ingredients present in the raw materials or the dietary supplements manufactured.	1	180
(iv) Incubator shaker ⁽¹⁾	An equipment that incubates and shakes samples or formulations at a large capacity, and at a controlled temperature and speed.	1	12
(v) Spray dryer	A machine that dries liquid active ingredients into powder form by exposing the liquid active ingredients to a controlled temperature and pressure environment.	1	40
(vi) Stability chamber ⁽¹⁾	A machine that measures the stability of the product formulated at a controlled temperature and humidity, which is a small-scale stability chamber, catered for laboratory use.	1	31
(vii) Extraction machine (lab-scale)	A machine with technology that uses reverse osmosis water to extract active ingredients at a temperature between 70 degrees Celsius and 90 degrees Celsius, and at a controlled duration. This machine, which is a small-scale extraction machine, has an extraction capacity of 8-10 litres, catered for laboratory use.	1	67
(viii) Other measurement instruments	Instruments that are used for measurement purposes	3	17
Total:			<u>400</u> ⁽²⁾

Notes:

- (1) As at LPD, our Group owns one unit each of the autoclave, biohazard cabinet, incubator shaker and stability chamber.
- (2) Includes miscellaneous items such as the purchase of chemicals and other kits and tools for laboratory tests of RM3,000.

7. BUSINESS OVERVIEW (CONT'D)

Further, our Group have undertaken a new clinical trial for our house brand product, namely Bonlife SachaQ10 Plus Softgel through a contract research agreement dated 27 September 2023 with Usains Infotech Sdn Bhd (a subsidiary of Usains Holding Sdn Bhd, the commercial arm of Universiti Sains Malaysia). Please refer to Section 7.10.2 of this Prospectus for further details on the process of selection for products to undergo clinical trial.

Pursuant to the terms of the contract research agreement, Usains Infotech Sdn Bhd shall carry out research in relation to the fundamental characterisation and functional verification of a new sachai oil-coenzyme Q10 formulation for *Bonlife*.

Based on the terms of the contract research agreement, the research will be carried out for a period of 30 months commencing from 1 November 2023. The cost of the clinical trial is estimated at RM0.50 million which will be fully funded via our IPO proceeds. However, the actual commencement of the clinical trial only began in June 2024, and we will utilise internally generated funds prior to the receipt of the IPO proceeds.

It is not an industry practice to carry out clinical trial before commercialisation due to high cost. However, clinical trials may be carried out for selected products if an industry player intends to provide more information and confidence to consumers on the fundamental characterisation and functional verification of a particular product. The clinical trial can be carried out before or after the commercialisation of the product.

7.15 EMPLOYEE

As at LPD, we have a total workforce of 151 employees, of which 126 are local employees and 25 are workers from Myanmar, Nepal and Vietnam. The following depicts the number of employees in our Group according to department:

Department	Number of employees as at									
	FYE 2021		FYE 2022		FYE 2023 ⁽¹⁾		FYE 2024 ⁽²⁾		LPD	
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
Administrative, human resource, finance and legal	19	-	17	-	15	-	21	-	20	-
Sales and marketing	10	-	19	-	16	-	16	-	17	-
Manufacturing	55	9	73	9	78	25	73	25	70	25
Quality control	7	-	7	-	10	-	11	-	9	-
R&D	2	-	5	-	8	-	8	-	8	-
Procurement	1	-	1	-	2	-	2	-	2	-
TOTAL	94	9	122	9	129	25	131	25	126	25

Notes:

- (1) Including 2 contractual employees, of which 25 employees are foreign employees as at FYE 2023.
- (2) Including 2 contractual employees, of which 25 employees are foreign employees as at FYE 2024.

7. BUSINESS OVERVIEW (CONT'D)

As at LPD, Malaysian employees accounted for approximately 83.44% of our total workforce while the remaining 16.56% were foreign workers.

For the Financial Years Under Review and up to the LPD, all our foreign workers have valid working permits. None of our Group's employees, whether permanent or contractual, belong to any labour union. During the Financial Years Under Review and up to the LPD, we have not experienced any strikes or other disruptions due to labour disputes. In addition, our Group's management has had and expects to continue their good working relationships with its employees.

We have put in place a management succession plan to identify key competencies and requirements of managers and higher-ranking personnel, to take positive approach towards addressing talent management to ensure our Group has readily available talent to undertake leadership positions and to frequently train our middle management to ensure they are well equipped with all the necessary knowledge to succeed at senior management positions in the future in our Group.

7.16 INTERRUPTION TO OUR BUSINESS OPERATIONS

Save for minor interruptions to our operations arising from the COVID-19 pandemic as detailed below, our Group had not experienced any other interruptions in our operations in the last 12 months from LPD which had a significant effect on our operations.

7.16.1 Impact of COVID-19 on our business operations

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government of Malaysia had implemented different forms of MCO since 18 March 2020 to contain the spread of the virus. During this period, our Group was required to comply with the changes in SOP outlined by MITI throughout the period. Our business and operations were temporarily suspended from 18 March 2020 to 18 April 2020 due to the imposition of the 1st MCO. Thereafter, our Group was allowed to operate while complying with MITI's SOP such as reducing workforce capacity. The reduction of workforce capacity as per MITI's SOP during this period did not result in material adverse impact to our business and operations.

Since October 2021, we have been operating at full workforce capacity after 100% of our employees obtained 2 doses of vaccination, as outlined by MITI. Malaysia entered into the "Transition to Endemic" phase beginning 1 April 2022. Our business operations were not impacted by the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

7.16.2 Impact of COVID-19 on our sales, delivery and receipt of supplies

Despite the disruptions to our operations during the COVID-19 pandemic, there was no material impact to our sales and we recorded revenue growth for the Financial Years Under Review. Save for the temporary disruptions as disclosed above, there was no material impact on the delivery of our products, receipt of supplies and the collectability of our trade receivables. Further, there was no material impact on our sales, delivery and receipt of supplies upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

There was no material impact to our business cash flows, liquidity, financial position and financial performance in FYE 2021 and since the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

7. BUSINESS OVERVIEW (CONT'D)

7.16.3 Strategy and steps taken to address the impact of COVID-19

In response to the COVID-19 pandemic, our Group has established a standard safety protocol that outlines several infection control measures based on the guidelines and SOP issued by MITI from time to time to protect employees and customers against COVID-19 infection. Since the outbreak of the COVID-19 pandemic and up to LPD, there have been no actions taken or penalties issued by the relevant authorities for breach of any laws relating to COVID-19 restrictions and/or SOPs.

7.17 SEASONALITY

We do not experience any material seasonality effects in our business as the demand for our product and services are not subject to seasonal fluctuations.

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7. BUSINESS OVERVIEW (CONT'D)

7.18 MAJOR CUSTOMERS

Our top 5 major customers and their respective revenue contributions for the Financial Years Under Review are as set out below:

FYE 2021

Customer	Country of export	Products sold	Revenue (RM '000)	Total Revenue (%)	Length of relationship (years)⁽¹⁾
Fei Fah Medical Sdn Bhd	N/A ⁽²⁾	Fortified F&B (milk-based products, tea-based beverages mix) and contract packing	10,037	33.77	13
Der Abakus Sdn Bhd (“Der Abakus”)	N/A ⁽²⁾	Fortified F&B (fruit-based products, herb-based products, soy-based beverages mix, tea-based beverages mix, vegetable-based beverages mix)	3,378	11.37	4
Dutch Dairy Products Sdn Bhd (“Dutch Dairy”)	N/A ⁽²⁾	Milk powder	2,251	7.57	6
Yi Jia Worldwide Trading Sdn Bhd	N/A ⁽²⁾	Fortified F&B (fruit-based products) and dietary supplements	1,875	6.31	6
K-Link International Sdn Bhd	N/A ⁽²⁾	Fortified F&B (fruit-based products, herb-based products, oat-based beverages mix, soy-based beverages mix) and dietary supplements	1,431	4.82	18
Sub-total			18,972	63.84	
Total revenue			29,719	100.00	

7. BUSINESS OVERVIEW (CONT'D)**FYE 2022**

Customer	Country of export	Products sold	Revenue (RM '000)	Total Revenue (%)	Length of relationship (years)⁽¹⁾
Fei Fah Medical Sdn Bhd	N/A ⁽²⁾	Fortified F&B (milk-based products, tea-based beverages mix) and contract packing	12,442	28.56	14
Der Abakus	N/A ⁽²⁾	Fortified F&B (fruit-based products, herb-based products, soy-based beverages mix, tea-based beverages mix, vegetable-based beverages mix)	9,806	22.51	5
Dutch Dairy	N/A ⁽²⁾	Milk powder	2,813	6.46	7
NxtvSION Sdn Bhd	N/A ⁽²⁾	Dietary supplements	2,142	4.92	2
K-Link International Sdn Bhd	N/A ⁽²⁾	Fortified F&B (fruit-based products, herb-based products, oat-based beverages mix, soy-based beverages mix) and dietary supplements	1,754	4.03	19
Sub-total			28,957	66.48	
Total revenue			43,558	100.00	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2023

Customer	Country of export	Products sold	Revenue (RM '000)	Total Revenue (%)	Length of relationship (years)⁽¹⁾
Der Abakus	N/A ⁽²⁾	Fortified F&B (fruit-based products, herb-based products, soy-based beverages mix, tea-based beverages mix, vegetable-based beverages mix) and dietary supplements	13,318	28.67	6
Fei Fah Medical Sdn Bhd ⁽³⁾	N/A ⁽²⁾	Fortified F&B (milk-based products, tea-based beverages mix) and contract packing	4,027	8.67	15
Nature One Dairy (Hong Kong) Limited ⁽³⁾	Hong Kong	Fortified F&B (milk-based products)	3,727	8.02	< 1
DND World Sdn Bhd	N/A ⁽²⁾	Fortified F&B (herb-based products, coffee-based beverages mix) and dietary supplements	3,403	7.33	1
Nxtvsion Sdn Bhd	N/A ⁽²⁾	Dietary supplements	2,518	5.42	3
Sub-total			26,993	58.11	
Total revenue			46,449	100.00	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2024

Customer	Country of export	Products sold	Revenue (RM '000)	Total Revenue (%)	Length of relationship (years)⁽¹⁾
Der Abakus	N/A ⁽²⁾	Fortified F&B (fruit-based products, herb-based products, oat-based beverages, soy-based beverages mix and tea-based beverages mix) and packaging materials	12,973	25.49	7
DND World Sdn Bhd	N/A ⁽²⁾	Fortified F&B (coffee-based beverages mix, fruit-based products and tea-based beverages mix) and dietary supplements	2,942	5.78	2
Dutch Dairy (Thailand) Co., Ltd	Thailand	Milk powder	2,726	5.36	9
Nxtvsnion Sdn Bhd	N/A ⁽²⁾	Fortified F&B (fruit-based products) and dietary supplements	2,044	4.02	4
Nature One Dairy (Hong Kong) Limited ⁽³⁾	Hong Kong	Fortified F&B (milk-based products)	1,378	2.71	2
Sub-total			22,063	43.36	
Total revenue			50,886	100.00	

Notes:

- (1) Length of business relationship with the major customers is determined at each respective FYE.
- (2) Not applicable as the products sold were delivered to locations within Malaysia.
- (3) Pursuant to the acquisition of the milk powder business and brand of Fei Fah Medical Sdn Bhd by Nature One Dairy Pty Ltd on 16 May 2022, our Group's manufacturing services of milk powder was redirected to Nature One Dairy Pty Ltd's milk powder facility in Hong Kong which is held by Nature One Dairy (Hong Kong) Limited.

Notwithstanding that certain major customers of our Group had contributed substantially to our revenue during the Financial Years Under Review, we are not dependent on any of our customers as our Group's business is transacted on purchase order basis where the revenue contribution of major customers varies from year to year.

7. BUSINESS OVERVIEW (CONT'D)

7.19 MAJOR SUPPLIERS

Our top 5 major suppliers and their respective purchase contributions for the Financial Years Under Review are as set out below:

FYE 2021

Supplier	Country of import	Products sourced	Purchases (RM '000)	Total purchases (%)	Length of relationship (years)⁽¹⁾
Ausnutria Dairy Ingredients B.V.	Netherlands	Milk powder	4,998	31.21	13
Nexus Wise Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, animal-derived products, plant oil, algae powder, amino acid, milk powder, fruit and vegetable powder	1,841	11.50	11
Elite Organic Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, algae powder, amino acid, vitamins and minerals	859	5.36	19
Behn Meyer Specialties (M) Plt	N/A ⁽²⁾	Herbal plant powder and extract, milk powder, excipients (maltodextrin, acacia gum, fructose), fruit and vegetable powder	836	5.22	4
Golden Ho-Khi Enterprise Co Ltd	Taiwan	Fruit and vegetable powder	790	4.93	4
Sub-total			9,324	58.22	
Total purchase			16,015	100.00	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2022

Supplier	Country of import	Products sourced	Purchases (RM '000)	Total purchases (%)	Length of relationship (years)⁽¹⁾
Ausnutria Ingredients B. V.	Dairy Netherlands	Milk powder	6,728	25.44	14
Elite Organic Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, plant oil, amino acid, vitamins and minerals	2,505	9.47	20
Nexus Wise Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, animal- derived products, plant oil, algae powder, amino acid, milk powder, fruit and vegetable powder	2,221	8.40	12
Golden Enterprise Ltd	Ho-Khi Co., Taiwan	Fruit and vegetable powder	2,127	8.04	5
Euro Chemo-Pharma Sdn Bhd	N/A ⁽²⁾	Plant oil, algae powder, vitamins and minerals, and excipients (acacia gum and non-dairy creamer)	1,245	4.71	21
Sub-total			14,826	56.06	
Total purchase			26,448	100.00	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2023

Supplier	Country of import	Products sourced	Purchases (RM '000)	Total purchases (%)	Length of relationship (years)⁽¹⁾
Ausnutria Ingredients B. V.	Dairy Netherlands	Milk powder	1,830	9.69	15
Elite Organic Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, algae powder, amino acid, vitamins and minerals	1,415	7.49	21
Golden Enterprise Co., Ltd	Ho-Khi Taiwan	Fruit and vegetable powder	1,331	7.04	6
Nexus Wise Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, animal-derived products, plant oil, algae powder, amino acid, milk powder, fruit and vegetable powder	1,184	6.27	13
Behn Specialties (M) Plt	Meyer N/A ⁽²⁾	Herbal plant powder and extract, milk powder, excipients (maltodextrin, acacia gum, fructose), fruit and vegetable powder	1,032	5.46	6
Sub-total			6,792	35.95	
Total purchase			18,892	100.00	

7. BUSINESS OVERVIEW (CONT'D)**FYE 2024**

Supplier	Country of import	Products sourced	Purchases (RM '000)	Total purchases (%)	Length of relationship (years)⁽¹⁾
Ausnutria Ingredients B. V.	Dairy Netherlands	Milk powder	6,532	27.95	16
Elite Organic Sdn Bhd	N/A ⁽²⁾	Herbal plant powder and extract, algae powder, amino acid, vitamins and minerals	1,313	5.62	22
Golden Enterprise Co., Ltd	Ho-Khi Taiwan	Fruit and vegetable powder	1,144	4.90	7
Behn Meyer Specialties Plt	N/A ⁽²⁾	Herbal plant powder and extract, milk powder, excipients (maltodextrin, acacia gum, fructose), fruit and vegetable powder	1,090	4.66	7
Tung Lim Press Sdn Bhd	N/A ⁽²⁾	Packaging materials (boxes and leaflets)	850	3.64	5
Sub-total			10,929	46.77	
Total purchase			23,370	100.00	

Notes:

- (1) Length of business relationship with the major suppliers is determined at each respective FYE.
- (2) Not applicable as the products sourced were purchased from local suppliers in Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

Our Group had previously entered into an agreement with Ausnutria Dairy Ingredients B.V. which gives our Group the right to act as an exclusive distributor of Ausnutria Dairy Ingredients B.V. to distribute its milk products in Malaysia, Brunei, Cambodia, The Philippines, Laos, Myanmar, Singapore and Thailand. Our Group may enter into a new agreement with Ausnutria Dairy Ingredients B.V. again in the future upon agreement of the terms of the new agreement.

In the Financial Years Under Review, our purchases from Ausnutria Dairy Ingredients B. V. contributed 31.21%, 25.44%, 9.69% and 27.95% to our Group's total purchases respectively. For information purposes, Ausnutria Dairy Ingredients B. V. has been the sole supplier of goat milk powder to our Group for full cream goat milk powder, skimmed goat milk powder and goat whey protein concentrate powder. We did not source goat milk powder from other suppliers in the Financial Years Under Review as Ausnutria Dairy Ingredients B. V. was able to meet our demand and quality specification for goat milk powder, and that we have built a long standing business relationship with them. In addition, we also source organic full cream cow milk powder and organic skimmed cow milk powder from Ausnutria Dairy Ingredients B. V. during the Financial Years Under Review. Notwithstanding that, our Group is not dependent on Ausnutria Dairy Ingredients B. V. for the milk products and is able to source those milk products from other suppliers.

For information purposes, our Group did not source goat milk powder from other suppliers in the Financial Years Under Review but did source cow milk powder from other suppliers besides Ausnutria Dairy Ingredients B.V., namely Promac Enterprises Sdn Bhd, Uniraw Dairies & Food Sdn Bhd and WWRC Ingredients Sdn Bhd.

In order to ensure quality of milk powder from any identified new suppliers, our Group will undertake internal quality control review of the suppliers and their products. New suppliers will have to pass our Group's quality control review before our Group will begin sourcing from them. This will ensure that the milk powder sourced from the new suppliers are of similar quality as Ausnutria Dairy Ingredients B.V.. Further, while our Group will negotiate for better pricing for bulk purchases with the new suppliers to achieve pricing competitiveness, our Group is unable to provide assurance that the new suppliers will be able to provide similar pricing as Ausnutria Dairy Ingredients B.V., in the event that our Group is required to source from these new suppliers.

Further, notwithstanding that certain major suppliers of our Group had contributed substantially to our Group's purchases during the Financial Years Under Review, we are not dependent on any of our suppliers as the raw materials, food ingredients and packaging materials that our Group purchases are readily available and can be easily sourced from our list of alternative suppliers.

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8. IMR REPORT

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T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: **03 SEP 2024**

The Board of Directors

OB Holdings Berhad

No. 37, Jalan PS 3,
Taman Industri Prima Selayang,
68100 Batu Caves,
Selangor Darul Ehsan

Dear Sirs/Madams,

Independent Market Research Report on the Fortified Food and Beverages (“F&B”) and Dietary Supplements Industry in Malaysia (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) for inclusion in the Prospectus in conjunction with the initial public offering and listing of OB Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which OB Holdings Berhad and its subsidiaries (“OB Group” or “the Group”) operate and to offer a clear understanding of the industry and market dynamics. Hence, the scope of work for this IMR Report will thus address the fortified F&B and dietary supplements industry in Malaysia.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

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The research for this IMR Report was completed on 3 September 2024.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

8. IMR REPORT (CONT'D)

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1 THE FORTIFIED F&B AND DIETARY SUPPLEMENTS INDUSTRY IN MALAYSIA

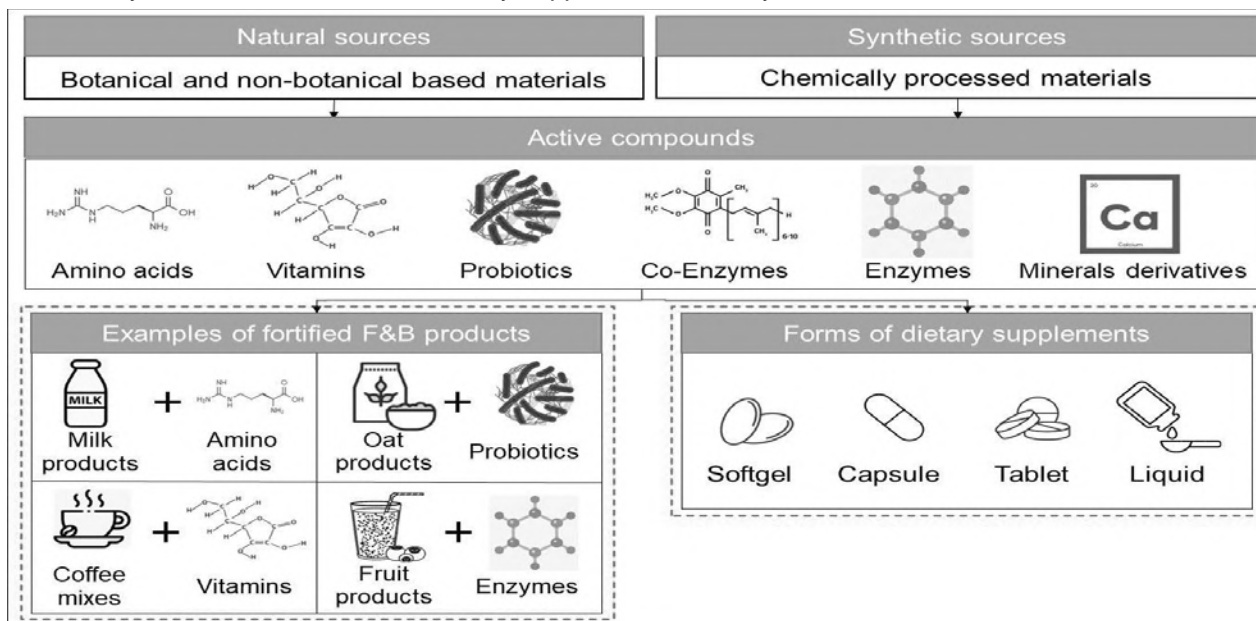
Definition and industry overview

Fortified F&B and dietary supplements are products intended to supplement daily nutritional intake. Dietary supplements contain active ingredients that are derived from natural sources and/or synthetic sources. Natural sources refer to naturally occurring substances of botanical based materials (e.g. plants and herbs) and non-botanical based materials (e.g. animals and minerals), of parts thereof, in the unextracted or crude extract form, and homeopathic medicine, and it shall not include any sterile preparation, vaccine, any substance derived from human parts, any isolated and characterised chemical substances; whereas synthetic sources refer to chemically processed materials. Further, some fortified F&B may also contain active ingredients that are derived from natural sources and/or synthetic sources. Active ingredients are ingredients that will generate reactions in the human body which may promote better health. Some examples of active ingredients include amino acids, vitamins, probiotics, co-enzymes, enzymes and mineral derivatives.

Fortified F&B refers to F&B products (e.g. coffee mixes, milk products, oat products and fruit products) that have been fortified with active ingredients, hence enriching the product beyond its original nutritional value (e.g. carbohydrates, proteins and fats). Moreover, fortified F&B products are intended to be consumed as part of normal diet. Some examples of fortified F&B are coffee mixes, milk products, oat products and fruit products that have been fortified with additional active ingredients such as amino acids, vitamins, probiotics and enzymes extracted from ginseng, lingzhi, bacterial cultures and bird's nest.

Dietary supplements are products formulated with active ingredients that are able to improve or boost an individual's nutritional intake, offer the potential of improved health and/or reduced risk of diseases. Dietary supplements generally contain one or more active ingredients derived from botanical-based and/or non-botanical based materials. Botanical-based dietary supplements contain active ingredients that are found in botanical materials such as polyphenols and beta-carotene in fruits and vegetables, as well as isoflavones in legumes. Meanwhile, non-botanical based dietary supplements contain active ingredients that are found in non-botanical based materials such as taurine in meat, fish and dairy products. Dietary supplements are available in the form of softgels, capsules, tablets and liquid dosage forms.

A summary of the fortified F&B and dietary supplements industry is as shown below:



Notes:

- This list is not exhaustive.
- [] denotes the type of products manufactured by OB Group.

Source: SMITH ZANDER

8. IMR REPORT (CONT'D)

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Regulations governing the fortified F&B and dietary supplements industry in Malaysia

In Malaysia, fortified F&B manufacturers are considered food product manufacturers and are thus guided by the Food Safety and Quality Division Ministry (“FSQD”) in accordance with the Food Act 1983, Food Regulations 1985 and Food Hygiene Regulations 2009. These acts and regulations set out the guidelines on hygiene and sanitary requirements for food premises’ conditions, as well as the offences for sale and marketing of food products such as labelling and selling food products in a manner that is false and misleading in terms of quality and safety.

In contrast to the manufacturing of fortified F&B, the pharmaceutical industry in Malaysia, which includes the dietary supplements industry, is highly regulated by the National Pharmaceutical Regulatory Agency (“NPR”)”, an executive body established under the Control of Drugs and Cosmetics Regulations 1984 (“CDCR 1984”). According to the CDCR 1984, it states that no person shall manufacture, sell, supply, import, possess or administrate any pharmaceutical product, which includes dietary supplements, unless the product is a registered product and the person holds the appropriate licences issued under this regulation.

In Malaysia, the application and renewal of the dietary supplements manufacturing licence as well as the registration of dietary supplements falls under the purview of the NPR, whereby the NPR is tasked with ensuring the quality and safety of pharmaceutical products, which includes dietary supplements. Once the product is registered, a MAL certificate, bearing an individual registration number, will be issued for the product as an indication of assurance by the NPR on the product’s quality and safety. Manufacturers will also be required to indicate the registration number on the product labelling. In addition, product registration and labelling guidelines are also enforced by the NPR to monitor the use of health claims, which can be categorised as general health or nutritional claims (e.g. supports healthy growth and development), functional or medium claims (e.g. vitamin A helps to maintain growth, vision and tissue development) or disease risk reduction claims (e.g. helps reduce the risk of osteoporosis by strengthening the bone).

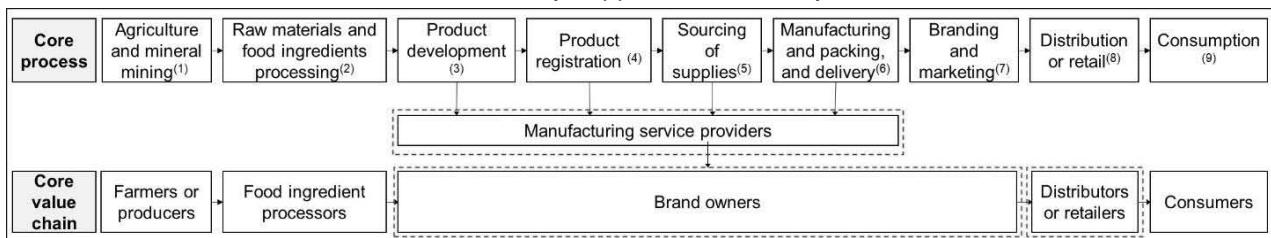
However, prior to product registration, a dietary supplements manufacturer must be Good Manufacturing Practice (“GMP”)–compliant as it is a pre-requisite to apply for product registration under the NPR as well as a pre-requisite to renew its manufacturing licence from the NPR. Furthermore, by being GMP-compliant, consumers are provided assurance that the manufacturing premises and processes are in accordance to manufacturing best practices. As such, manufacturers of dietary supplements must strictly adhere and comply to both the CDCR 1984 and GMP.

The FSQD and NPR are governed under the Ministry of Health Malaysia (“MOH”) and were established to protect the public against health hazards and provide consumers assurance on the quality and safety of the products, thereby enabling consumers to make informed choices and not be misled and defrauded by false claims and statements.

Value chain of the fortified F&B and dietary supplements industry

The fortified F&B and dietary supplements industry comprises companies involved in agriculture and mineral mining, raw materials and food ingredients processing, product development, product registration, sourcing of supplies, manufacturing and packing, and delivery, branding and marketing, and ultimately distribution or retail to consumers for consumption.

The value chain of the fortified F&B and dietary supplements industry is as shown below:



8. IMR REPORT (CONT'D)

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Notes:

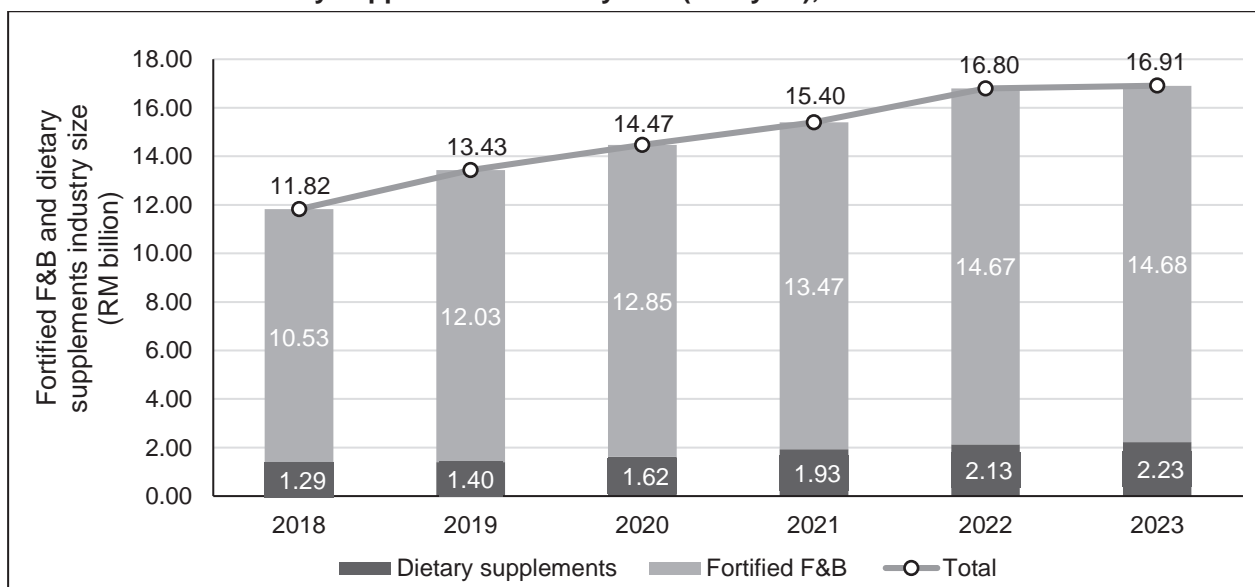
- This list is not exhaustive.
- [] denotes the segments of involvement of OB Group.
- (1) Raw materials are produced or mined by farmers or producers to be processed.
- (2) Raw materials and food ingredients are processed into extracts and concentrates, amongst others.
- (3) Product development activities involve the development and improvement of product formulations by brand owners or manufacturing service providers.
- (4) Product registration involve brand owners or manufacturing service providers applying for and obtaining the necessary licences and certificates to manufacture and sell fortified F&B and dietary supplements.
- (5) Raw material supplies are sourced from both domestic and international suppliers as well as local producers.
- (6) Fortified F&B and dietary supplements are manufactured based on product formulations which are either developed by brand owners or by manufacturing service providers. Subsequently, the fortified F&B and dietary supplements are packed and delivered to customers.
- (7) Branding and marketing activities such as online advertisement and promotions are conducted by brand owners to build and strengthen their brand names, as well as to market their products.
- (8) Fortified F&B and dietary supplements are purchased by distributors from manufacturers and sold to retailers, or purchased directly by retailers from manufacturers for onwards sale to consumers. Some examples of retailers include pharmacies and specialty health stores which can be physical stores and/or online platforms.
- (9) Consumption of fortified F&B and dietary supplements by consumers.

Source: SMITH ZANDER

2 INDUSTRY PERFORMANCE, SIZE AND GROWTH

The fortified F&B industry in Malaysia grew from RM10.53 billion in 2018 to RM14.68 billion in 2023, at a compound annual growth rate (“CAGR”) of 6.87%; and the dietary supplements industry in Malaysia grew from RM1.29 billion in 2018 to RM2.23 billion in 2023, at a CAGR of 11.57%. As such, cumulatively, the fortified F&B and dietary supplements industry in Malaysia grew from RM11.82 billion in 2018 to RM16.91 billion in 2023, registering a CAGR of 7.43%.

Fortified F&B and dietary supplements industry size (Malaysia), 2018 – 2023



Note:

- The fortified F&B industry are sub-categories under the general F&B industry, and the data for fortified F&B products are captured under the general F&B products. As the data for the fortified F&B industry in particular is not publicly available, the data for general F&B products comprising categories of fruit-based, milk-based, vegetable-based, coffee-based and tea-based products, is used to represent the fortified F&B industry size given that these are the fortified F&B products offered by OB Group.

Sources: Department of Statistics Malaysia (“DOSM”), SMITH ZANDER

The growth of the fortified F&B and dietary supplements industry in Malaysia from 2018 to 2023 is largely driven by the increase in health awareness arising from increasing rates of chronic diseases, increasing

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disposable income of the population, urbanisation and growing ageing population, prevalence of social media marketing as well as growing popularity and usage of e-commerce platforms, as set out in **Chapter 3 – Key Demand Drivers, Risk and Challenges** of this report. Additionally, the growth from 2020 to 2022 was also influenced by the outbreak of the COVID-19 pandemic, which led to an increased demand by consumers for fortified F&B to supplement daily nutritional intake and dietary supplements to maintain and improve general health conditions. In 2023, cumulatively the fortified F&B and dietary supplements industry in Malaysia experienced a year-on-year (“YOY”) growth of 0.65%, as consumer demand and market conditions normalise post-COVID-19 pandemic. However, notwithstanding the exceptional circumstances of the COVID-19 pandemic, moving forward the aforementioned factors are expected to continue driving the growth of the fortified F&B and dietary supplements industry.

3 KEY DEMAND DRIVERS, RISKS AND CHALLENGES

Key demand drivers

► **Increasing rates of non-communicable diseases (“NCDs”) and infections drives health awareness and thus, the demand for fortified F&B and dietary supplements**

The number of Malaysians living with NCDs, also known as chronic diseases, have been increasing over the years. NCDs can be categorised into four broad categories which are cardiovascular diseases, cancers, chronic respiratory diseases and diabetes. The increasing number of NCD cases among Malaysians are mainly attributable to stressful and unhealthy lifestyle habits such as the consumption of processed F&B which generally have higher saturated fat content or sugar levels and lower nutritional values, alcohol consumption, tobacco use, as well as living a more sedentary lifestyle.

According to the National Health and Morbidity Survey (“NHMS”)¹ 2023 conducted by the MOH many Malaysians lacked physical activity, consumed high levels of sugar and consumed insufficient amounts of fruits and vegetables. As a consequence, between the first NHMS conducted in 2011 and the latest survey in 2023, the rates of obese, abdominally obese and overweight Malaysian adults had increased. Between 2011 and 2023, the rates of obese Malaysian adults had increased from 15.10% to 21.80%, the rates of abdominally obese Malaysian adults had increased from 29.40% to 32.60%, while the rates of overweight Malaysian adults had increased from 45.40% to 54.50%. This is thus becoming a cause for concern as an increasing number of obese, abdominally obese and overweight individuals acts as an indicator of future increases in incidences of NCDs.

The increase in obese, abdominally obese and overweight individuals has subsequently contributed to the increase in the morbidity of NCDs. Based on the NHMS conducted in 2023, the MOH had reported that the prevalence of diabetes was 15.60% of the adult population, and the prevalence of cardiovascular diseases such as hypertension and hypercholesterolemia was at 29.20% and 33.30% respectively.

The MOH and DOSM had reported that the mortality cases caused by cardiovascular diseases had increased from 18,170 cases in 2017 to 27,380 cases in 2022² at a CAGR of 8.55%, chronic respiratory diseases increased from 15,620 cases in 2017 to 20,003 cases in 2022² at a CAGR of 5.07%, and diabetes had increased from 2,243 cases in 2017 to 4,704 cases in 2022² at a CAGR of 15.97%. Further, there has been an overall increasing trend in the number of deaths due to NCDs between 2017 and 2022², from 44,275 deaths to 57,348 deaths, at a CAGR of 5.31%.

As a result of the growing trend of NCDs and increased intention to adopt healthier lifestyles, Malaysians may be more likely to resort to increasing their intake of dietary supplements and fortified F&B to supplement their nutritional intake. In turn, this could potentially lead to the growth of the fortified F&B and dietary supplements industry.

► **Economic growth and increasing disposable income of the population signifies growth potential for fortified F&B and dietary supplements**

Economic growth has the potential to contribute to increased disposable income, arising from higher employment and increased earnings for businesses and consumers. Increasing disposable income in turn translates to improving standards of living as well as an increase in the number of affluent individuals with

¹ Note: The NHMS is published at a 4-year interval with the latest publicly available data being 2023.

² Latest available data as at the date of research completion.

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greater purchasing power. As a result, consumer purchases are expected to diversify from staple food products to more expensive and quality purchases, including fortified F&B and dietary supplements, which supplements an individual's nutritional intake.

The economic wealth of the country, measured in terms of gross national income ("GNI") per capita, increased from RM43,316 in 2018 to a preliminary figure of RM52,991 in 2023, at a CAGR of 4.11%. Although there was an overall growth in GNI during the period, in 2020, the Malaysian economy registered a decline arising from the outbreak of the COVID-19 pandemic which had adversely impacted economic activities and employment rate. GNI per capita decreased from RM45,298 in 2019 to RM42,838 in 2020 by 5.43%. As the economy recovered, the GNI per capita increased by 7.96% YOY in 2021 (2021: RM46,247) and 14.86% YOY in 2022 (2022: RM53,121), followed by a slight decline of 0.24% YOY to RM52,991 in 2023.³

According to Bank Negara Malaysia ("BNM"), the improvement in the GNI was due to the influence of increased domestic demand, improvements in the labour market, and the reopening of international borders. In 2024, the economy is expected to experience continued growth by 4.00% to 5.00% YOY according to the Ministry of Finance.

To further enhance economic growth in Malaysia, the Malaysian Government had introduced and commenced the implementation of the 12th Malaysia Plan (2021 – 2025) with the intention to provide improved standards of living to all Malaysians, in accordance with the Vision 2030 Agenda. In order to achieve and meet the plans set out for the economy by 2025, the Malaysian Government has aimed to:

- Improve the positioning of Malaysia in the global supply chain by assisting micro, small and medium enterprises by improving their entrepreneurial capabilities, including digitalising their business processes, assisting to improve their products and services according to international standards;
- Increase the use of technology across industries, particularly electrical and electronics, global services, aerospace, creative, tourism, halal, smart farming and biomass;
- Develop more rural states in Malaysia by increasing industrialisation and diversifying economic activities through smart and cluster farming;
- Develop future talents to increase the availability of skilled and technical workers by providing accredited, recognised and certified training; and
- Increase national productivity through uplifting research, development, commercialisation and innovation in new technology and improving access to financing in supporting innovation and skills development.

With the abovementioned initiatives, the Malaysian economy is expected to grow, driving higher employment rates and increasing GNI to a target of RM57,882 per capita by 2025, which would then provide greater accessibility for Malaysians to improve their standards of living.

► Urbanisation and ageing population to drive the continued demand for fortified F&B and dietary supplements

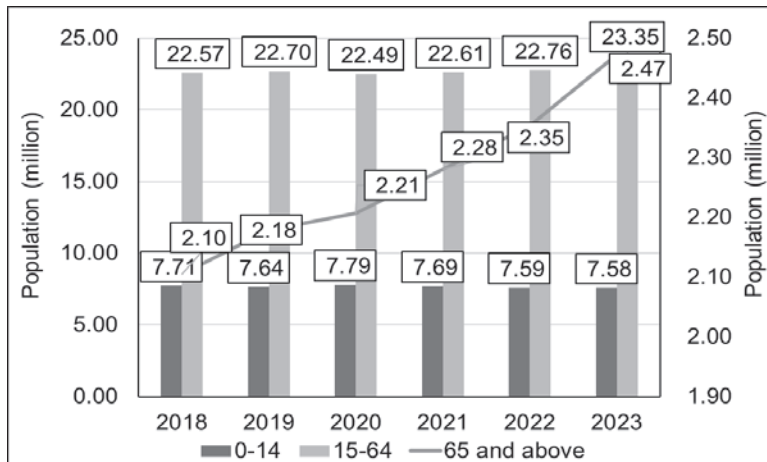
Based on the latest available data as of 2023, Malaysia's urban population stood at 78.72% of the total population and is projected to increase to 81.79% of the total population by 2030⁴. Following urbanisation, Malaysians will have access to better education, healthcare services and employment opportunities. However, urbanisation has consequently led to changes in the lifestyles of Malaysians such as longer working hours and hectic schedules. As such, convenience has become essential, leading to an increase in the intake of processed and fast foods. This growing change in lifestyle is a concern in all developing countries as the population finds it increasingly difficult to maintain a balance between their health and the demands of their work, commitments and responsibilities. In addressing such concerns, fortified F&B and dietary supplements provides an alternative for individuals to supplement their nutritional requirements which they lack due to their lifestyles.

³ Source: DOSM

⁴ Source: World Bank

8. IMR REPORT (CONT'D)

SMITH ZANDER

Population by age group, 2018 - 2023

Sources: DOSM, SMITH ZANDER

In Malaysia, the working population (i.e. 15 years old to 65 years old) contribute the largest proportion of the country's population. This group of the population represents the majority of Malaysians who have become increasingly aware of the benefits of fortified F&B and dietary supplements to supplement their daily nutritional requirements due to their exposure to the internet. As such, the working population is expected to be more receptive to fortified F&B and dietary supplements as part of their health maintenance routine. This will, in turn, drive the demand for fortified F&B and dietary supplements.

Moreover, Malaysia is an ageing population as those above 65 years of age have been increasing from 2.10 million persons to 2.47 million persons, at a CAGR of 3.30% between 2018 and 2023, compared to those under 14 years of age at a negative CAGR of 0.34%, and those between 15 years old and 64 years old increasing at a CAGR of 0.68% over the same period. With the increasing ageing population, it can be expected that they will experience greater health concerns. With greater health concerns within the ageing population, it would also drive the demand for fortified F&B and dietary supplements as fortified F&B and dietary supplements have been widely promoted to potentially provide health benefits such as increasing immunity through the consumption of vitamin C, increasing bone densities to battle osteoporosis through the consumption of calcium supplements, and increasing intake for collagen to battle joint pains. This is expected to drive the demand for fortified F&B and dietary supplements as the older generation are generally more health conscious due to their greater awareness of their mortality.

► **Prevalence of social media marketing to drive awareness on the benefits of fortified F&B and dietary supplements**

The wide adoption of the internet has led to increased accessibility to social media, with 83.20%⁵ of Malaysians being active social media users. With this, social media has become a media outlet as well as a marketing channel amongst Malaysians, and has created a platform for fortified F&B and dietary supplements industry players to advertise and educate consumers on health awareness as well as the benefits of consuming fortified F&B and dietary supplements. According to the Malaysian Digital Association, digital advertising expenditure on social media (i.e. paid advertisement on social platforms) was the highest at 40%, amongst other digital advertising platforms such as video (i.e. video advertisement that are shown before, during or after the video) at 28%, and display platforms (i.e. banner advertisement that are delivered through advertisement servers) at 16% as at the fourth quarter of 2023. Consequently, social media marketing is expected to drive the growing awareness for fortified F&B and dietary supplements.

Key industry risks and challenges

► **Vulnerability to product liability claims and recalls which could affect consumer confidence**

Industry players are subject to guidelines and regulations, and must ensure that consistency in product quality is not compromised by factors such as product contamination. For example, raw materials used in the manufacturing of fortified F&B and dietary supplements have to be handled and stored according to specified conditions (e.g. individually packaged in dry conditions). If these materials are not properly handled, stored and packed, they may be susceptible to contamination, such as the growth of mould or cross-contamination with common allergens (e.g. peanuts, tree nuts and milk). Any contamination in the products may render them unsafe for consumption, thus creating adverse impact on the industry player's reputation.

⁵ Source: Statista

8. IMR REPORT (CONT'D)**SMITH ZANDER**

In the event that such circumstances arise, manufacturers would face product liability claims and may need to conduct product recalls. Both product liability claims as well as product recalls may negatively affect the financial performance, credibility and reputation of the industry player. Increased frequency of product liability claims and product recalls may further worsen public perception of industry players as well as the industry as a whole. Subsequently, manufacturers in the industry could face significant financial losses as consumers may resort to alternative products due to consumer confidence being affected and consumers becoming more wary on the safety of products. As a result, demand for fortified F&B and dietary supplements could fall and negatively affect the industry.

► **Failure to meet changing consumer preferences could compromise industry competitiveness**

The fortified F&B and dietary supplements industry is dependent on consumer preferences such that industry players would need to continuously innovate and develop new products that align with these changing preferences. For instance, when veganism increased in popularity, the fortified F&B and dietary supplements industry responded by researching and developing more vegan-based products to meet consumers' increased demand for vegan products. Hence, to remain competitive and relevant in the industry, industry players must stay abreast with consumer trends and invest in research and development ('R&D') activities in order to develop new product formulations that meet these changing consumer preferences. In the event that industry players are unable to meet changing consumer demand due to constraints such as limited financial resources, skilled personnel and R&D facilities/capabilities, they may fall behind in the industry and lose their competitiveness, which in turn, would compromise their business and financial performance.

► **Changes in regulations governing dietary supplements could lead to non-compliance**

For the manufacturing of dietary supplements, the NPRA has implemented strict regulations, licensing requirements and standards for dietary supplements manufacturers to adhere to, in order to ensure the safety of consumers. For instance, the GMP is implemented to ensure that manufacturing plants are suitable for the manufacturing of dietary supplements. Further, product registration as well as labelling guidelines are also enforced by the NPRA to monitor the use of health claims made manufacturers. In the event that the NPRA finds products that failed to meet their safety requirements, these products will be reported on the NPRA website.

Over time, regulations governing the manufacturing of dietary supplements could change and become more stringent to further ensure the safety of consumers. In the event of non-compliance, the business performance of industry players could be negatively affected as consumers lose trust in these products and the reputation of the brand, or product. Thus, industry players must constantly be kept up-to-date to changes in regulations and ensure that they are in compliance with the regulations and licensing requirements set out by the governing bodies in order to retain their manufacturing licences.

4 COMPETITIVE OVERVIEW

Competitive landscape

The fortified F&B and dietary supplements industry is competitive, with a large number of industry players that compete in the manufacturing and sale of fortified F&B and dietary supplements. These fortified F&B and dietary supplement industry players include public listed companies, large private companies (i.e. companies with revenue exceeding RM50.00 million), as well as small to medium enterprises (i.e. companies with revenue not exceeding RM50.00 million).

Notwithstanding the above, industry players involved in the manufacturing of dietary supplements must be registered as a dietary supplements manufacturer with the NPRA. As of August 2024, there were approximately 180 registered dietary supplements manufacturers in Malaysia.

For industry players involved in the manufacturing of fortified F&B and dietary supplements, several barriers to entry are present. The primary barrier is high capital expenditure, whereby substantial upfront capital is required for the setup of a manufacturing plant that is compliant with the relevant requirements set out by FSQD and NPRA; as well as the purchase of the necessary machinery and equipment. Furthermore, ongoing funds will also be required for R&D activities, as industry players continuously innovate and develop new products to keep abreast with changing consumers preference and to remain competitive

8. IMR REPORT (CONT'D)**SMITH ZANDER**

within the industry. For dietary supplements manufacturers, there is an additional barrier to entry, whereby dietary supplements in Malaysia must be registered with the NPRA before being manufactured, sold, supplied, imported, possessed or administrated.

Key industry players

Industry players in the fortified F&B and dietary supplements industry generally comprise brand owners and manufacturing service providers. Brand owners are industry players that have their own house brand products. These industry players may have their own in-house manufacturing plants or they may outsource their manufacturing activities to manufacturing service providers. Most of these manufacturing service providers provide manufacturing services for third party brand owners, but some of these companies, such as OB Group, may also manufacture fortified F&B and dietary supplements under their own house brands as an additional source of revenue.

The basis for selection of the key industry players in the fortified F&B and dietary supplements industry in Malaysia is as follows:

- Companies who are registered with the NPRA for the manufacturing of dietary supplements;
- Companies that are principally involved in the provision of manufacturing services of fortified F&B and dietary supplements to third party brand owners, and some of these companies may also produce house brands; and
- Companies which recorded at least RM10.00 million revenue in their latest available financial years.

The key industry players, premised on the basis of selection above, are as follows:

Company name	Examples of manufacturing services of products provided to third-party brand owners and/or house brand products	Location of manufacturing plant	Latest available financial year	Total revenue ⁽¹⁾ (RM million)	Gross profit/(loss) margin (%)	PAT/(LAT) margin (%)
OB Holdings Berhad ⁽²⁾	Fortified F&B and dietary supplements	Selangor	31 May 2024	50.89	42.68	10.81
Bioalpha Holdings Berhad ⁽³⁾	Fortified F&B and dietary supplements	Selangor	31 December 2023	46.09	0.27	(94.72)
Nova Wellness Group Berhad ⁽³⁾	Fortified F&B, dietary supplements, medical nutrition, personal hygiene products, disinfectant products, and essential oils	Selangor	30 June 2023	45.53	70.40	32.93
Moh Pharmaceutical Technologies Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements, traditional medicine	Selangor	31 December 2023	38.96	19.06	8.63
Moreth Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements, traditional medicine	Selangor	31 December 2023	29.66	23.09	3.56
Biofact Life Sdn Bhd ⁽⁴⁾	Fortified F&B and dietary supplements	Johor	31 March 2023	28.62	30.71	6.73
Intan Biotech Industries Sdn Bhd ⁽⁴⁾	Fortified F&B and dietary supplements, cosmetics and personal hygiene products	Kelantan	31 December 2021	27.58	8.21	1.09

8. IMR REPORT (CONT'D)**SMITH ZANDER**

Company name	Examples of manufacturing services of products provided to third-party brand owners and/or house brand products	Location of manufacturing plant	Latest available financial year	Total revenue ⁽¹⁾ (RM million)	Gross profit/ (loss) margin (%)	PAT/ (LAT) margin (%)
The Origin Foods Sdn Bhd ⁽⁴⁾	Fortified F&B and dietary supplements	Selangor	30 June 2022	27.23	34.81	6.56
Exclusive Mark (M) Sdn Bhd ⁽⁴⁾	Fortified F&B and dietary supplements	Selangor	31 December 2023	20.84	14.55	(9.40)
Herbal Science Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements, traditional medicine and cosmetics	Selangor	31 December 2023	18.93	58.09	(28.88)
First Grade Resources Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements and cosmetics	Kedah	31 December 2022	16.51	16.25	3.47
High Valley Contract Manufacturing (GMP) Sdn Bhd ⁽⁴⁾	Fortified F&B and dietary supplements	Selangor	31 January 2023	15.77	38.01	18.96
Excel Herbal Industries Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements and traditional medicine	Selangor	31 December 2023	14.32	32.79	8.70
Ori Bionature (M) Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements and cosmetics	Selangor	30 June 2023	13.98	59.72	0.84
Len Fa Medical Supplies (M) Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements and traditional medicine	Selangor	31 December 2023	13.51	38.91	11.97
Alpha Active Industries Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements and traditional medicine	Selangor	31 December 2023	13.09	Not available	4.14
White Heron Pharmaceutical Sdn Bhd ⁽⁴⁾	Fortified F&B, dietary supplements, cosmetics and personal hygiene products	Kuala Lumpur	30 April 2022	12.17	26.34	8.51

Notes:

- Latest available information as at the date of research completion.
- Not available – information is not available as gross profit is not reported in the latest annual report.
- The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
- Several players which are also deemed competitors to OB Group are not included in the table as these companies are exempt private companies in their respective latest financial years. These companies include Dong Foong Manufacturing Sdn Bhd, Yanling Natural Hygiene Sdn Bhd and Edmark Industries Sdn Bhd, whereby their latest available audited financial statements from Companies Commission of Malaysia are for the financial years ended 31 March 2020, 30 April 2020 and 31 December 2019 respectively.

8. IMR REPORT (CONT'D)

SMITH ZANDER

- (1) Revenue may be derived from other products and/or businesses as segmental revenue is not publicly available.
(2) OB Group is deemed as a small to medium enterprise prior to its listing on Bursa Malaysia Securities Berhad.
(3) Denotes entities which are public listed companies.
(4) Denotes entities which are small to medium enterprises.

Sources: OB Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

From the table above, the collective revenue from the key industry players listed amounts to RM433.68 million. Compared to the fortified F&B and dietary supplements industry in Malaysia, which is recorded at RM16.91 billion, the collective revenue from these key industry players accounts for 2.56% of the total industry size. The relatively small revenue contribution of key industry players in contrast to the total industry size is due to the difference between the computation of the industry size and the basis for selection of the key industry players. In particular, the fortified F&B industry size recorded in this IMR Report includes companies that are involved in general F&B manufacturing within the categories of fruit-based, milk-based, vegetable-based, coffee-based and tea-based products, whereby these companies do not fall under the basis for selection of the key industry players in this IMR Report. Further, as the selection of key industry players comprises manufacturing service providers of fortified F&B and dietary supplements, it excludes companies which are primarily brand owners.

Market share

In 2023, the size of the fortified F&B and dietary supplements industry in Malaysia was recorded at RM16.91 billion. For the financial year ended 31 May 2024, the revenue from fortified F&B and dietary supplements manufacturing services and house brands for OB Group was recorded at RM50.89 million, and thereby OB Group captured a market share of 0.30% in Malaysia.

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9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A MATERIAL IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

9.1.1 Our business' reputation, market competitiveness and financial performance may be adversely affected by the sales of counterfeit products

The sale of counterfeit products may negatively affect our business' reputation, market competitiveness and financial performance as counterfeit products can undermine the trust and credibility that we have developed with our customers. If our customers had unknowingly purchased counterfeit products and experience negative experience due to the poor quality of products, we may lose our customers' faith and loyalty to our products and the public may develop negative perception towards our brands and products.

Moreover, the sale of counterfeit products replicating our products in the market could lead to financial losses as the sale of counterfeit products could divert sales away from our products and lead to the decrease in our revenue which will inevitably affect our financial performance. Additionally, our market positioning could be at a disadvantage due to the lower prices of counterfeit products being sold as compared to the prices of our products, particularly if customers' priorities are based on the prices of products rather than on the quality of products. As such, our Group may experience loss of market shares due to the counterfeit products.

During the Financial Years Under Review and up to LPD, we had encountered 3 counterfeit products in the market posing as *Bonlife* products on separate incidents. During our encounter with the counterfeit products, we had alerted the public on the ways to differentiate our product with counterfeit products via newspapers and our social media platform and had also reported the counterfeit products to the respective regulatory bodies, i.e. Ministry of Domestic Trade and Costs of Living, Royal Malaysian Police as well as NPRA, and third-party e-commerce platforms. While we did not observe any material impact on our Group's reputation and financial performance resulting from this incident, there can be no assurance that the occurrence of such incident in the future will not have an adverse impact on our reputation and financial performance.

9.1.2 Our business is dependent on necessary licences, approvals and permits

Our business is subject to various laws, rules and regulations. As at LPD, we have obtained the necessary licences, approvals and permits from various governmental authorities for our business operations, as set out in Annexure B of this Prospectus.

We had not obtained the following licences in our business operations in the past ("**Past Non-Compliances**"):

- (i) Our subsidiary, Orient Laboratories, had operated without a manufacturing licence issued by MITI pursuant to Section 3 of the Industrial Co-ordination Act 1975 in the past. During the period from incorporation of Orient Laboratories in year 1999 until 31 May 2012, Orient Laboratories was not required to apply for a manufacturing licence as Orient Laboratories' shareholders' funds did not exceed RM2.50 million and it did not employ more than 75 full-time employees. In the course of reviewing its licensing requirements, Orient Laboratories realised that it had met the licensing requirements since FYE 2012 but had not obtained the requisite manufacturing licence. Hence, Orient Laboratories began the process of applying to MITI to obtain the requisite manufacturing licence in May 2023. The cost incurred for the rectification to obtain the manufacturing licence was RM300.00, which was the application fee payable to MITI.

9. RISK FACTORS (CONT'D)

Orient Laboratories had on 28 July 2023 obtained a conditional approval from MITI, which requires Orient Laboratories to fulfil the conditions stated in the conditional approval letter within 6 months from the date of such letter.

For information purpose, the revenue contribution of Orient Laboratories during the FYEs 2021 to 2023 were RM1.05 million, RM1.32 million and RM1.43 million, respectively.

Orient Laboratories has complied with the conditions stated in the conditional approval letter and obtained the manufacturing licence issued by the MITI on 1 November 2023. No penalty was imposed by MITI for the period of past non-compliance from 1 June 2012 up to the date of the issuance of the manufacturing licence. In any event, the potential penalty which may be imposed in connection with this non-compliance is RM2,000.00, which represents approximately 0.02% of our Group's PBT for the FYE 2023. Such potential penalty would not however be expected to have a material adverse impact on our Group's business operations and financial results;

- (ii) Our subsidiary, Bonlife, had operated without a wholesaler's licence issued by NPRA prescribed under Regulation 12 of the Control of Drugs and Cosmetics Regulations 1984 since 2007. For information purpose, the products supplied to Bonlife were manufactured by Orient Laboratories, for which Orient Laboratories had obtained and maintained a valid manufacturer and wholesaler's licence granted by NPRA which is renewed annually. Due to a misunderstanding of the NPRA wholesaler's licence registration requirements, Bonlife had not obtained a separate wholesaler's licence and had instead relied on Orient Laboratories' wholesaler's licence for its wholesale activities.

After becoming aware of the requirement to obtain a separate licence, Bonlife had in May 2023 made an application for the requisite licence and had on 11 May 2023 obtained the wholesaler's licence with a validity period until 31 December 2023. Bonlife has further renewed the wholesaler's licence with a validity period until 31 December 2024. The cost incurred for the rectification to obtain the wholesaler's licence was RM500.00, which was the application fee payable to NPRA. The potential penalty which may be imposed in connection with this non-compliance is approximately RM50,000.00, which represents approximately 0.41% of our Group's PBT for the FYE 2023. Such potential penalty, if imposed, is however not expected to have a material adverse impact on our Group's business operations and financial results; and

- (iii) Our subsidiary, Orient Biotech, had undertaken the manufacturing of fortified F&B for pets from November 2013 until 31 May 2023 at our Selayang Factory without a certificate of registration of manufacturer of feed being issued by the Feed Board under Regulation 3(1) of the Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012. This arose due to a misunderstanding of the applicability of the Feed Board's registration/certification requirements. Our Group ceased the manufacturing of fortified F&B for pets on 31 May 2023 as part of our Group's strategy to focus on the core business activities, i.e. the manufacturing of fortified F&B and dietary supplements for human consumption, and the former manufacturing activity for pets thus no longer forms part of our Group's business.

These past non-compliances of our Group are not however expected to have a material adverse impact on our Group's business operations and financial results, premised on the following:

- (a) subsequent to 31 May 2023, our Group no longer carries out the manufacturing of fortified F&B for pets;
- (b) the manufacturing of fortified F&B for pets had only contributed 0.79%, 2.30% and 2.51% to our Group's revenue for the FYEs 2021 to 2023 respectively; and

9. RISK FACTORS (CONT'D)

- (c) the potential financial penalty which may be imposed in connection with the failure to obtain a certificate of registration of manufacturer of feed, upon our Group being held liable, is RM10,000.00, which represents approximately 0.08% of our Group's PBT for the FYE 2023.

The potential penalties relating to the aforesaid non-compliances if imposed, viewed both from an individual or collective perspective, are not however expected to have a material adverse impact on our Group's business operations and financial results. As at LPD, neither our Directors nor our Group have been fined or penalised or issued with any notice of non-compliance by the relevant authorities, whether prior to, in connection with or after the application for or issuance of the licence. Notwithstanding this, our Group will continue to assess and observe the relevant laws, rules and regulations relating to our industry and renew the required licences, approvals and permits in a timely manner as and when required.

If we are unable to comply with all regulations or conditions of our licences, approvals and permits, such licences, approvals and permits may be suspended or revoked and this will negatively affect our business operations. There is no assurance that the introduction of any new laws or any changes to these legislations or other future regulatory developments will not have a material adverse effect on our maintenance or renewal of licences, approvals and permits. Any failure to maintain or renew our major licences, permits and approvals in the future could materially and adversely affect our business operations and financial performance.

9.1.3 Our success depends on our key personnel and our ability to attract and retain skilled personnel

The continued success and growth of our Group is largely dependent on the abilities, skills, experience, competency and continuous efforts of our Managing Director, Executive Director and Key Senior Management team as disclosed in Section 7.13 of this Prospectus. The presence of our Managing Director, Executive Director and Key Senior Management is crucial to our business continuity as they play a pivotal role in our day-to-day business operations as well as charting, formulating and implementing strategies to drive the future growth of our Group.

Any significant or sudden loss of the services of our Managing Director, Executive Director, and Key Senior Management without suitable and timely replacement may have an adverse and material impact on our Group's business operations and may eventually affect our ability to maintain and/or improve our business performance.

9.1.4 Our Group may be liable for our marketing agents' actions and conduct in marketing our house brand products

Our Group engages with third party marketing agents to market our house brand products, namely *GoHerb*, *EZ:Nitez* and *Zenliv*. Through engagement with third party marketing agents, our Group is exposed to the risk that these third party marketing agents may inaccurately market and represent our products. Our Group has set standard operating procedures for our marketing agents, provides trainings to our marketing agents on the product knowledge, undertakes proofreading of the marketing content, as well as conducts routine checks on the sales and marketing performance of our house brand products on a monthly basis. There is no assurance that our third party marketing agents will be able to maintain their quality of services and contribute sales to our Group consistently.

9. RISK FACTORS (CONT'D)

Should our third party marketing agents fail to uphold their quality of services, it may reflect negatively on our brand, thus resulting in negative perception among potential customers towards our brand as well as the loss of existing customers. Further, in the event of any inaccurate marketing of our house brand products by third party marketing agents which results in complaints made against our Group, we may be held liable to our marketing agents' actions and conduct as they are deemed to be representatives of our Group and our Group's products. Further, this may also result in product liability claims and legal action being taken against our Group. Should the customers develop unfavourable experiences from the consumption of our products premised on the inaccurate instruction advised by our third party marketing agents, this could affect the future growth of our house brand products and our Group's financial performance adversely.

9.1.5 Our Group is exposed to foreign exchange fluctuation risks which may impact our profitability

Our Group is exposed to foreign exchange fluctuation risks, particularly for our purchases. For the Financial Years Under Review, our purchases from overseas collectively contributed 41.74%, 38.03%, 27.62% and 40.36% to our Group's total purchases, while the remaining 58.26%, 61.97%, 72.38% and 59.64% are contributed from local purchases. Our purchases such as raw materials (herbal plant powder and extract, plant oil, animal-derived products, amino acid, algae powder), food ingredients (excipients, milk powder, fruit and vegetable powder, and nuts, seeds, beans, grains, oats and coffee powder), and packaging material are sourced from overseas and are denominated in USD, EUR, RMB and AUD.

During the Financial Years Under Review, our purchases denominated in the respective currencies are as follows:

Purchases denominated in:	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	(%)	RM'000	(%)	RM'000	(%)	RM'000	(%)
RM	9,331	58.26	16,391	61.97	13,674	72.38	13,939	59.64
USD	1,134	7.08	2,451	9.27	2,191	11.60	1,870	8.00
EUR	4,998	31.21	7,109	26.88	2,047	10.83	6,869	29.39
RMB	430	2.69	370	1.40	897	4.75	544	2.34
AUD	122	0.76	127	0.48	83	0.44	148	0.63
Total	16,015	100.00	26,448	100.00	18,892	100.00	23,370	100.00

For illustration purposes, for the FYE 2024, assuming the fluctuation of the RM against the USD, EUR, RMB and AUD is 1%, this will result in an increase or decrease in our GP by RM0.09 million, depending on the direction of the foreign exchange movement between RM and said currencies. As our Group continues to expand, any fluctuation in foreign exchange rates may have a material impact on our financial performance.

To a certain extent, we enter into foreign exchange forward contracts with banking institutions to potentially lock in the exchange rates of USD, EUR, RMB and AUD for payments to our suppliers. As at LPD, our Group has outstanding foreign exchange contracts of USD0.02 million (equivalent to RM0.09 million). Notwithstanding this, our purchases are subject to foreign exchange fluctuation risks as our exposure to foreign exchange fluctuation may not be fully covered by our foreign exchange contracts. In the event that we are unable to pass the increase in cost to our customers, our financial performance may be adversely affected due to the higher cost of sales.

9. RISK FACTORS (CONT'D)

9.1.6 Our Group may face delay in the construction of New Serendah Factory

We plan to construct our New Serendah Factory, as set out in Section 7.14 of this Prospectus, to support our Group's expansion plans. We expect to complete the construction of our New Serendah Factory by 1st half of 2025, and commence business operations by the 1st half of 2026.

The construction of our New Serendah Factory within time and budget may be affected by the following conditions:

- (i) Unexpected delay in construction;
- (ii) Delay in purchase of new machines and relocation of existing machines; and
- (iii) Our ability to obtain the requisite approvals and licences to commence business operations, including the following:
 - issuance of a CCC for our New Serendah Factory; and
 - issuance of manufacturing licence from MITI as well as the business license from the relevant local council/authority for our New Serendah Factory.

Delay in the construction of our New Serendah Factory may lead to higher than anticipated construction costs due to potential cost overrun arising from unexpected increase in prices of building materials and additional labour costs. In such event, we may be required to utilise our internally generated funds which will reduce our available working capital, or to incur additional bank borrowings which will increase our interest cost to fund the increase in construction costs.

9.1.7 Our product development activities may not lead to successful commercialisation of our products

Our success and growth depend in part on our ability to be efficient in the manufacturing of our products as well as to continuously enhance and develop new products to meet prevailing market demand. To this end, we are committed to undertake product development activities to develop new product formulations and to improve existing product formulations. Product development is carried out by our product development team, led by Lee Chee Keat, our R&D Manager. Please refer to Section 7.10 of this Prospectus for further details of our product development activities. Despite our Group's commitment and efforts in product development activities, there is no assurance that our product development activities will yield favourable results and lead to successful commercialisation. Unsuccessful product development activities may have an adverse impact on our financial performance as we are unable to commercialise and generate revenue from the unsuccessful products, while having incurred the product development expenses.

In addition, as the demand for fortified F&B and dietary supplements change over time according to market trends, we are exposed to challenges in maintaining and growing our market share within the industry. Market trends are largely dictated by consumer preferences and development of the fortified F&B and dietary supplements formulations. Our continued success will depend partly on our ability to anticipate and develop fortified F&B and dietary supplements that meet the consumers' demands and to market our products accordingly to our targeted consumer group.

9. RISK FACTORS (CONT'D)

In the event that we are unable to expand and/or enhance our range of product offerings to meet the changing market demand in a timely manner, or at all, we may be unable to continue growing our revenue, and/or to maintain our market share. Since we began carrying out in-house product development activities, we have not experienced any unsuccessful product development activities. However, our Group has experienced several incidents of unsuccessful commercialisation of our products pursuant to our product development activities which were attributable to issues such as changes in market trends prior to the products' commercialisation and changes in the business plans of our customers. During the Financial Years Under Review and up to LPD, the financial impact from unsuccessful commercialisation of our products was minimal as the costs involved in product development were staff costs and consumables for sampling purposes.

9.1.8 Our business is exposed to unexpected interruptions or delay caused by equipment failures, power outages, fires, as well as other environmental factors which may lead to interruptions in our business operations

Our business relies on different types of machines and equipment to carry out the manufacturing of fortified F&B and dietary supplements. These machines and equipment may, on occasion be out of service due to unanticipated failures or damages sustained during our business operations. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions in our business operations.

Further, our business is also subject to loss due to fires or natural disasters such as floods or storms. The occurrence of these unexpected events that are beyond our control may cause damage or destruction of all or part of our factory and machines, resulting in interruptions to, or prolonged suspension, of our manufacturing activities. Any prolonged interruption to our manufacturing activities will affect our manufacturing schedule and in turn, cause delays in the delivery of products to our customers. This could adversely affect our relationships with customers, financial performance and industry reputation.

In July 2021, our manufacturing of vegetable softgels faced a temporary disruption of approximately 1 month due to delay in obtaining a replacement part for our vegetable softgel machine, which was caused by supply chain disruptions and logistics delay as we had to import the replacement part of the machine from Korea. While our deliveries to customers were delayed in July 2021 and August 2021, we were able to complete the fulfilment of all orders within the FYE 2022. Hence, this incident did not materially impact our financial performance.

Save as disclosed above, we have not experienced any incidents of unanticipated machine and equipment failures, power outages or catastrophic damages as a result of fires or floods, which led to major interruptions in our business operations. However, there can be no assurance that such incidences will not happen in the future. In the event that these incidents occur, it may result in interruptions to our business operations and thus adversely affect our business operations and financial performance.

Further, the outbreak of pandemics of infectious diseases or other health epidemics such as COVID-19 that may also create economic uncertainties globally may adversely affect business activities. The outbreak of pandemics may also result in the imposition of various lockdown measures to curb the spread of the virus, leading to disruptions and/or temporary suspension of business activities. While our financial performance was not materially and adversely affected, our business operations were temporarily disrupted during the COVID-19 pandemic in which further details of which are as set out in Section 7.16 of this Prospectus. Should there be a future outbreak of infectious disease similar to the COVID-19 pandemic, there is no assurance that our business operations and financial performance will not be materially and adversely affected.

9. RISK FACTORS (CONT'D)

In the event that we have to halt our business operations due to the abovementioned potential incidents, we could still be required to incur operating expenses such as labour costs and utilities costs. Our Group's financial performance could be adversely affected should the interruptions occur over a prolonged period.

9.1.9 Our business is exposed to risk arising from food contamination

Food contamination is an inherent risk in all food and beverage related operations. We are exposed to the risk of food contamination due to numerous processes involved in the manufacturing of fortified F&B and dietary supplements.

The raw materials and food ingredients used in our manufacturing process comprise food grade raw materials and food ingredients which have to be handled and stored in dry conditions. The raw materials and food ingredients are vulnerable to contamination from the growth of mould if not properly handled, stored and packed.

Moreover, the raw materials and food ingredients that we purchase may also be contaminated during receipt due to poor handling during transportation, poor packing quality, poor packaging material quality, exposure to adverse weather conditions that could affect the packaging of the products and exposure to pests. Any contamination in our raw materials, food ingredients and final products may result in it being unsafe for consumption and will have an adverse impact on our reputation. This may also result in authorities inspecting our premises, leading to monetary fines and/or temporary closure of our premises for cleaning and/or sanitation, any of which may materially and adversely affect us.

Further, our manufacturing processes involve human intervention and are therefore subject to our employees' awareness of good hygiene and them continuously adhering to our food safety management system. Whilst we have emphasized and educated our employees on our food safety standards, there is no assurance that we will not be exposed to the risks of food contamination in the future.

During the Financial Years Under Review and up to LPD, we have not experienced any material incidences of food contamination that have led to monetary fines and/or temporary closure of our business operations for cleaning and/or sanitation.

9.1.10 Our business may be adversely affected by product defects, product liability claims, product recalls, adverse publicity or negative public perception regarding our products or industry

If any of our products were to be involved in product contamination, tampering, adulteration, damage or mislabelling, we may need to recall some or all of our products. A widespread product recall could result in significant losses due to the cost of conducting a product recall, including destruction of inventories and loss of sales resulting from the unavailability of the product for a period of time until the manufacturing issue of the product is rectified.

In addition, adverse publicity or negative public perception regarding the products we sell, the safety or quality of our products, or our industry in general, could result in substantially lower demand for our products. Negative public perception could also arise from regulatory investigations or product liability claims, regardless of whether those investigations involve us or whether any product liability claim is successful against us.

We may also be liable if the consumption or use of any of our products causes any health complications. A significant product liability judgement, involving us or our competitors, could also result in a loss of consumer confidence in our products and materially impact consumer demand, which in turn could have a material adverse effect on our financial position, results of our business operations and prospects.

9. RISK FACTORS (CONT'D)

During the Financial Years Under Review and up to the LPD, we have not had any of our products recalled from the market and have not experienced any product liability claims, reputation risks nor lack of consumer confidence due to contaminated products.

However, upon request, we may provide product replacements for defects caused by mishandling during delivery of products to our customers. During the Financial Years Under Review, we had incurred RM102,639, RM28,565, RM58,892 and RM5,063, respectively of product replacement costs for third party brand owners; as well as RM191,817, RM188,430, RM287,673 and RM334,377, respectively of product replacement costs collectively for our *Bonlife*, *EZ:Nitez* and *Zen Night* products for defects such as deformed product appearance, smell or texture which are typically caused by mishandling during delivery of products to our customers, as well as near expiry products. During the Financial Years Under Review, we did not incur any product replacement costs for *GoHerb*, *Sleepin' Beaute*, *Beaute*, *Zen Youte* and *Zenliv* products.

9.1.11 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our business operations

We maintain insurance to protect against various losses and liabilities, and the insurance policies maintained by our Group include fire insurance policy, burglary policy and product liability insurance policy. For the fire insurance particularly, we have purchased fire insurance policies for the building, machine and equipment and stocks including raw material, intermediate products, finished goods and packing materials. For the product liability insurance, we have maintained product liability insurance policies for (i) most of our fortified F&B and dietary supplements manufactured and sold under our house brands; and (ii) products manufactured and sold to third party brand owners as requested by third party brand owners. As we continuously conduct product development activities to capture the latest market trends, our Group may commercialise new house brand products from time to time in which the new products were commercialised after the renewal of our Group's product liability insurance. As such, these newly commercialised house brand products were not covered under our insurance. Following each renewal of our product liability insurance, we will maintain the product liability insurances for these newly commercialised house brand products which are still active in the market. However, our insurance may not be adequate to cover all losses or liabilities that might occur in our business operations. For example, while we are insured against losses resulting from fires, we do not maintain insurance against losses at our factory as a result of natural disasters.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our business, financial condition and results of our business operations.

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9. RISK FACTORS (CONT'D)

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We may face competition from industry players**

According to the IMR Report, the fortified F&B and dietary supplements industry has a large number of industry players that compete in the manufacturing and supply of fortified F&B and dietary supplements. These fortified F&B and dietary supplements industry players include public listed companies, large private companies, as well as small to medium enterprises. For dietary supplements in particular, industry players must be registered as dietary supplement manufacturers with the NPRA. As of August 2024, there were approximately 180 registered dietary supplement manufacturers in Malaysia.

Our Group competes with existing and new industry players in terms of the capability to offer customisable formulations, range of product forms offered, pricing, quality of products, timing of delivery and manufacturing capacities, as well as the ability to provide end-to-end solutions from product registration services to sourcing, manufacturing and delivery of products to customers.

In view of the above, we need to continuously improve in order to develop fortified F&B and dietary supplements that meet consumers' demand and to market our products effectively to our target consumer groups, so that we are able to maintain our competitiveness in the industry. Failure to remain competitive in the industry may lead to reduced sales which will adversely impact our Group's financial performance.

9.2.2 We are subject to price fluctuations of raw materials and food ingredients

Our fortified F&B and dietary supplements are predominantly manufactured using raw materials and food ingredients such as herbal plant powder and extracts, fruit and vegetable powder, or milk powder. As the raw materials and food ingredients that are primarily used in our manufacturing processes are botanical-based products, the prices are subject to price fluctuations due to environmental factors such as the weather, natural disasters, pests and crop diseases which may affect the supply. In the event that weather conditions are not suitable for growing agricultural crops, it may affect the regional supply and demand equilibrium of the raw materials and food ingredients that we require in manufacturing our products. Consequently, this leads to the increase in the prices of raw materials and food ingredients due to lower supply. Similarly, if natural disasters such as floods or wildfires were to occur, crops would be destroyed and supply chains would be disrupted, causing the prices of raw materials and food ingredients to increase. Further, the prices of raw materials and food ingredients would also be affected by the occurrence of pest outbreaks and crop diseases. Pests and crop diseases could affect the quality of herbs, fruits and vegetables and result in the costs of raw materials and food ingredients to increase due to lower supply.

The increase in the cost of raw materials and food ingredients would directly impact our manufacturing costs. If we are unable to pass on the increase in cost to our customers, our financial performance may be adversely affected. Further, increase in prices may result in our customers seeking alternative suppliers, thus resulting in the loss of sales if we are unable to retain our existing customers or if our prices are no longer adequately competitive to attract new customers.

9. RISK FACTORS (CONT'D)

9.2.3 We are subject to the increase in salary cost following the revision of national minimum wages

On 19 March 2022, the Government announced that the national minimum wage will be revised to RM1,500 per month from 1 May 2022. As such, from 1 April 2022, our Group had revised the salaries for employees earning less than RM1,500 per month to RM1,500 per month. The impact from the revision of the minimum wages to our direct labour costs are as set out in Section 12.3.2(b) of this Prospectus.

Any further increase in national minimum wages will increase our salary cost which may negatively affect our financial performance should we fail to pass on the increase in cost to our customers in a timely manner.

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9. RISK FACTORS (CONT'D)

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**9.3.1 There has been no prior market for our Shares**

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

9.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) material variations in our financial results and business operations;
- (ii) success or failure of our management in implementing business strategies and future plans;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in conditions affecting our industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors;
- (vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;
- (vii) additions or departures of key personnel;
- (viii) fluctuations in stock market prices and volumes;
- (ix) involvement in claims, litigation, arbitration or other form of dispute resolution; or
- (x) general operational and business risks.

9. RISK FACTORS (CONT'D)**9.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO**

As disclosed in Section 5.1.1 of this Prospectus, our Promoters will collectively hold in aggregate 69.63% of our enlarged issued share capital upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

9.3.4 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) the revocation of approvals from the relevant authorities for our Listing and/or admission for whatever reason; or
- (iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the allotment and issuance of our IPO Shares:

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to have been withdrawn and cancelled and our Company or such other person who receives the monies, shall forthwith repay without interest all monies received from the applicants and if any such money is not repaid within 14 days of the stop order, our Company shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA from the expiration of that period; or
- (b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the allotment and issuance of our IPO Shares:

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid without interest and if any such money is not repaid within 14 days of the date of service of the stop order, our Company shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA from the expiration of that period; or

9. RISK FACTORS (CONT'D)

- (b) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
- the sanction of our shareholders by special resolution in a general meeting, supported by consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - the sanction of our shareholders by special resolution in a general meeting, supported by a solvency statement from our Directors.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiaries, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a person who is or was a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.1 Material Related Party Transactions

Save for the Acquisitions and disclosed below, our Group has not entered into nor proposes to enter into any material related party transactions for the Financial Years Under Review up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	From 1 June 2024 and up to the LPD RM'000
1.	<ul style="list-style-type: none"> Orient Biotech Dutch Dairy 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings Lee Bao Yu is a Director of OB Holdings Teoh Eng Hua was a director and shareholder of Dutch Dairy Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings ES Teoh and CT Wong were shareholders of Dutch Dairy ES Teoh and Lee Bao Yu were directors of Dutch Dairy 	<ul style="list-style-type: none"> (i) Sales of milk powder by Orient Biotech to Dutch Dairy ⁽¹⁾ (ii) Rental income received by Orient Biotech from Dutch Dairy ⁽²⁾ 	<p>2,251 (7.57% of the Group's revenue)</p> <p>3 (0.05% of the Group's PBT)</p>	<p>2,813 (6.46% of the Group's revenue)</p> <p>4 (0.04% of the Group's PBT)</p>	<p>883 (1.90% of the Group's revenue)</p> <p>1 (0.01% of the Group's PBT)</p>	<p>-</p> <p>-</p>	<p>-</p> <p>-</p>

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June 2024 and up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
2.	<ul style="list-style-type: none"> Orient Biotech Vegecaps Supplies Sdn Bhd ("Vegecaps Supplies") 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Teoh Eng Hua is a director and sole shareholder of Vegecaps Supplies Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	<ul style="list-style-type: none"> (i) Purchase of food ingredients by Orient Biotech from Vegecaps Supplies (ii) Sales of raw materials from Orient Biotech to Vegecaps Supplies (iii) Purchase of machines by Orient Biotech from Vegecaps Supplies 	34 (0.19% of the Group's cost of sales)	221 (0.87% of the Group's cost of sales)	263 (0.96% of the Group's cost of sales)	162 (0.55% of the Group's cost of sales)	43
				-	-	12 (0.03% of the Group's revenue)	-	-
				-	442 (1.63% of the Group's NA)	-	-	-
3.	<ul style="list-style-type: none"> Orient Laboratories Dutch Dairy 	<ul style="list-style-type: none"> Orient Laboratories is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings Lee Bao Yu is a Director of OB Holdings Teoh Eng Hua was a director and shareholder of Dutch Dairy 	<ul style="list-style-type: none"> (i) Rental income received by Orient Laboratories from Dutch Dairy⁽³⁾ (ii) Purchase of Habbatus Sauda Oil by Orient Laboratories from Dutch Dairy 	108 (1.68% of the Group's PBT)	108 (1.00% of the Group's PBT)	9 (0.07% of the Group's PBT)	-	-
				50 (0.28% of the Group's cost of sales)	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	From 1 June 2024 and up to the LPD RM'000
		<ul style="list-style-type: none"> Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings ES Teoh and CT Wong were shareholders of Dutch Dairy ES Teoh and Lee Bao Yu were directors of Dutch Dairy 						
4.	<ul style="list-style-type: none"> Orient Laboratories Vegecaps Supplies 	<ul style="list-style-type: none"> Orient Laboratories is a wholly-owned subsidiary of OB Holdings Teoh Eng Hua is a director and sole shareholder of Vegecaps Supplies Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	<ul style="list-style-type: none"> Purchase of food ingredients by Orient Laboratories from Vegecaps Supplies 	-	-	3 (0.01% of the Group's cost of sales)	131 (0.45% of the Group's cost of sales)	29
5.	<ul style="list-style-type: none"> Orient Biotech ES Teoh 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh is a Director and major shareholder of OB Holdings 	<ul style="list-style-type: none"> (i) Rental expenses paid by Orient Biotech to ES Teoh ⁽⁴⁾ (ii) Disposal of motor vehicles to ES Teoh 	12 (0.19% of the Group's PBT)	12 (0.11% of the Group's PBT)	17 (0.14% of the Group's PBT)	31 (0.39% of the Group's PBT)	9
				-	-	79 (0.64% of the Group's PBT)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June 2024 and up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
6.	<ul style="list-style-type: none"> Orient Biotech Der Abakus Sdn Bhd (“Der Abakus”) 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Teoh Eng Hua is a director and shareholder of Der Abakus with 40.00% direct equity interest Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	<ul style="list-style-type: none"> (i) Sales of fortified F&B by Orient Biotech to Der Abakus (ii) Sales of packing material and lab test fees by Orient Biotech to Der Abakus 	3,378 (11.37% of the Group's revenue)	9,806 (22.51% of the Group's revenue)	13,317 (28.67% of the Group's revenue)	12,939 (25.49% of the Group's revenue)	1,055
				-	-	-	33 (0.07% of the Group's revenue)	-
7.	<ul style="list-style-type: none"> Orient Biotech B Bintang 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Lee Bao Yu is a Director of OB Holdings Lim Nai Tiang is a director and sole shareholder of B Bintang Lim Nai Tiang is the sister-in-law of ES Teoh, being a Director and major shareholder of OB Holdings Lee Bao Yu was director and shareholder of B Bintang⁽⁵⁾ 	<ul style="list-style-type: none"> Sales of fortified F&B and dietary supplements by Orient Biotech to B Bintang 	281 (0.95% of the Group's revenue)	159 (0.37% of the Group's revenue)	24 (0.05% of the Group's revenue)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June 2024 and up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
8.	<ul style="list-style-type: none"> Orient Biotech Famp 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh is a Director and major shareholder of OB Holdings ES Teoh was director and shareholder of Famp ⁽⁶⁾ 	Sales of fortified F&B by Orient Biotech to Famp	26 (0.09% of the Group's revenue)	23 (0.05% of the Group's revenue)	-	-	-
9.	<ul style="list-style-type: none"> Orient Biotech Petavit Sdn Bhd ("Petavit") 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Lee Bao Yu is a Director of OB Holdings Lee Bao Yu was director and shareholder of Petavit ⁽⁷⁾ 	Sales of fortified F&B by Orient Biotech to Petavit	-	39 (0.09% of the Group's revenue)	193 (0.42% of the Group's revenue)	-	-
10.	<ul style="list-style-type: none"> Orient Biotech Petavit Marketing 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Lee Bao Yu is a Director of OB Holdings Lee Bao Yu was the sole proprietor of Petavit Marketing ⁽⁸⁾ 	Sales of fortified F&B by Orient Biotech to Petavit Marketing	13 (0.04% of the Group's revenue)	315 (0.72% of the Group's revenue)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June 2024 and up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
11.	<ul style="list-style-type: none"> Bonlife Der Abakus 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings Teoh Eng Hua is a director and shareholder of Der Abakus with 40.00% direct equity interest Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	Sales of dietary supplements by Bonlife to Der Abakus	-	-	2 (0.004% of the Group's revenue)	-	-
12.	<ul style="list-style-type: none"> Bonlife Petavit 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings Lee Bao Yu is a Director of OB Holdings Lee Bao Yu was director and shareholder of Petavit ⁽⁷⁾ 	<ul style="list-style-type: none"> (i) Sales of fortified F&B by Bonlife to Petavit (ii) Rental income received by Bonlife from Petavit ⁽⁹⁾ 	-	-	1 (0.002% of the Group's revenue)	-	-
				-	-	4 (0.03% of the Group's PBT)	-	-
13.	<ul style="list-style-type: none"> Bonlife Dutch Dairy 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings Lee Bao Yu is a Director of OB Holdings 	Rental income received by Bonlife from Dutch Dairy ⁽¹⁰⁾	-	-	1 (0.01% of the Group's PBT)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	From 1 June 2024 and up to the LPD RM'000
		<ul style="list-style-type: none"> Teoh Eng Hua was a director and shareholder of Dutch Dairy Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings ES Teoh and CT Wong were shareholders of Dutch Dairy ES Teoh and Lee Bao Yu were directors of Dutch Dairy 						
14.	<ul style="list-style-type: none"> Bonlife Teoh Eng Hua 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	Sales of fortified F&B and dietary supplements by Bonlife to Teoh Eng Hua	-	7 (0.02% of the Group's revenue)	7 (0.02% of the Group's revenue)	10 (0.02% of the Group's revenue)	2
15.	<ul style="list-style-type: none"> Orient Biotech Special Gain 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings 	Disposal of 2 pieces of leasehold lands together with a factory erected thereon by Orient Biotech to Special Gain ⁽¹¹⁾	-	-	570 (2.13% of the Group's NA)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	From 1 June 2024 and up to the LPD RM'000
		<ul style="list-style-type: none"> ES Teoh and CT Wong are directors and shareholders of Special Gain, each having 50.00% direct equity interest, respectively 						
16.	<ul style="list-style-type: none"> Orient Laboratories Special Gain 	<ul style="list-style-type: none"> Orient Laboratories is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings ES Teoh and CT Wong are directors and shareholders of Special Gain, each having 50.00% direct equity interest, respectively 	Disposal of 2 pieces of freehold agricultural lands by Orient Laboratories to Special Gain ⁽¹²⁾	-	-	7,530 (28.09% of the Group's NA)	-	-
17.	<ul style="list-style-type: none"> Orient Biotech Teoh Wei Chin and Lee Bao Yu 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Teoh Wei Chin is the spouse of Lee Bao Yu, and the son of ES Teoh and CT Wong. ES Teoh and CT Wong are the father-in-law and mother-in-law of Lee Bao Yu 	Disposal of a piece of leasehold land together with a 3 storey terrace factory by Orient Biotech to Teoh Wei Chin and Lee Bao Yu ⁽¹³⁾	-	-	1,080 (4.03% of the Group's NA)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	From 1 June 2024 and up to the LPD RM'000
18.	<ul style="list-style-type: none"> Orient Laboratories Teoh Wei Chin 	<ul style="list-style-type: none"> ES Teoh and CT Wong are Directors and major shareholders of OB Holdings Lee Bao Yu is a Director of OB Holdings Orient Laboratories is a wholly-owned subsidiary of OB Holdings Teoh Wei Chin is the son of ES Teoh and CT Wong ES Teoh and CT Wong are Directors and major shareholders of OB Holdings 	<ul style="list-style-type: none"> Disposal of a unit of retail outlet by Orient Laboratories to Teoh Wei Chin ⁽¹⁴⁾ 	-	-	1,650 (6.16% of the Group's NA)	-	-
19.	<ul style="list-style-type: none"> Orient Laboratories Der Abakus 	<ul style="list-style-type: none"> Orient Laboratories is a wholly-owned subsidiary of OB Holdings Teoh Eng Hua is a director and shareholder of Der Abakus with 40.00% direct equity interest Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	<ul style="list-style-type: none"> (i) Sales of packaging material by Orient Laboratories to Der Abakus (ii) Sales of dietary supplements by Orient Laboratories to Der Abakus 	-	-	-	<i>Negligible*</i>	-
				-	-	-	-	5

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021	FYE 2022	FYE 2023	FYE 2024	From 1 June
				RM'000	RM'000	RM'000	RM'000	2024 and up to the LPD
								RM'000
20.	<ul style="list-style-type: none"> Orient Biotech VLG Sdn Bhd ("VLG") 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings Teoh Eng Jin is a director and shareholder of VLG with 100.00% direct equity interest Teoh Eng Jin is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	Sales of fortified F&B by Orient Biotech to VLG	-	-	-	124 (0.24% of the Group's revenue)	-
21.	<ul style="list-style-type: none"> Bonlife VLG 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings Teoh Eng Jin is a director and shareholder of VLG with 100.00% direct equity interest Teoh Eng Jin is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	Sales of dietary supplements by Bonlife to VLG	-	-	-	-	1
22.	<ul style="list-style-type: none"> Bonlife Teoh Eng Jin 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings Teoh Eng Jin is the brother of ES Teoh, being a Director and major shareholder of OB Holdings 	Sales of dietary supplements by Bonlife to Teoh Eng Jin	-	-	-	6 (0.01% of the Group's revenue)	-

10. RELATED PARTY TRANSACTIONS (CONT'D)**Notes:**

- * *Denotes less than RM1,000*
- (1) The principal activity of Dutch Dairy is trading of milk powder, for which Dutch Dairy trades milk powder to third party manufacturers. Our Group no longer sells milk powder to Dutch Dairy since 1 November 2022. On the even date, the business of trading of milk powder to third party manufacturers has ceased and the trading of milk powder is now carried out by Orient Biotech. Subsequently, ES Teoh and CT Wong had disposed of their entire equity interest in Dutch Dairy to Tay Shing Yang, an independent third party on 23 August 2023.
 - (2) Our Group rented an office located at No. A-1-29, 162 Residency, KM12, Jalan Ipoh-Rawang, 68100 Batu Caves, Selangor from a third party. Our Group sublets a part of the office area to Dutch Dairy since 1 October 2020 and the rental arrangement had ceased on 30 September 2022.
 - (3) Dutch Dairy had rented a retail unit located at Unit 1-85, Kompleks Kenanga Wholesale City, No. 2, Jalan Gelugor, 55200 Kuala Lumpur ("**Kenanga Wholesale City Unit 1-85**") from our Group continuously for 3 years commencing from 1 July 2019 until 30 June 2022 pursuant to the letters signed between Orient Laboratories (as landlord) and Dutch Dairy (as tenant) at a monthly rental of RM9,000.00. Despite the absence of termination provisions in the said letters, the rental arrangement had ceased on 30 June 2022 based on mutual agreement.
 - (4) Our Group had rented an office premise located at C1-13A, 162 Residency, KM12, Jalan Ipoh-Rawang, 68100 Batu Caves, Selangor Darul Ehsan from ES Teoh for a term of 1 year from 1 June 2021 until 31 May 2022 and subsequently for a term of 2 years commencing from 1 June 2022 until 31 May 2024 pursuant to a tenancy agreement dated 1 June 2021 and 1 June 2022 (as supplemented by a supplemental letter dated 27 September 2023), respectively between ES Teoh (as landlord) and Orient Biotech (as tenant). The monthly rental is RM1,000.00 from 1 June 2021 to 31 December 2022, RM2,000.00 from 1 January 2023 to 30 September 2023 and RM2,900.00 from 1 October 2023 to 31 May 2024. The tenancy has been renewed for another term of 1 year from 1 June 2024 to 31 May 2025 at the monthly rental of RM2,900.00.
 - (5) Lee Bao Yu had disposed of her entire equity interest in B Bintang to Pui Jin Kong, a third party on 8 November 2022. She also ceased to be a director of B Bintang on 5 October 2022. The transactions entered between our Group and B Bintang subsequent to 8 November 2022 are not shown as B Bintang is no longer a related party to the Directors, major shareholders and/or persons connected with them.
 - (6) ES Teoh had disposed of his entire equity interest in Famp to Teoh Wei Ken, nephew of ES Teoh on 2 November 2021. He also ceased to be a director of Famp on 18 October 2021. The transactions entered between the Group and Famp subsequent to 2 November 2021 are not shown as Famp is no longer a related party to the Directors, major shareholders and/or persons connected with them.
 - (7) Lee Bao Yu had disposed of her entire equity interest in Petavit to Lim Senny, a third party on 31 May 2023. She also ceased to be a director of Petavit on 31 May 2023.
 - (8) The business registration of Petavit Marketing had expired on 7 February 2023 and Lee Bao Yu has no intention to renew the business registration.
 - (9) Our Group rented an office located at No. A-1-29, 162 Residency, KM12, Jalan Ipoh-Rawang, 68100 Batu Caves, Selangor from a third party. Bonlife sublets a part of the office area to Petavit since 1 November 2022 and the rental arrangement had ceased on 31 May 2023.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (10) Our Group rented an office located at No. A-1-29, 162 Residency, KM12, Jalan Ipoh-Rawang, 68100 Batu Caves, Selangor from a third party. Bonlife sublets a part of the office area to Dutch Dairy since 1 October 2022 and the rental arrangement had ceased on 31 December 2022.
- (11) Orient Biotech (as vendor) had entered into a sale and purchase agreement dated 28 October 2022 with Special Gain (as purchaser) for the disposal of 2 pieces of leasehold lands held under PM 284 Lot 3356 and PM 285 Lot 3357, both in Mukim Jasin, District of Jasin, State of Melaka, measuring 366 sq. mt., respectively, together with a factory erected thereon at a purchase price of RM570,000.00, which was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the properties of RM570,000.00 as appraised by an independent valuer on 17 August 2022. This transaction was completed on 2 November 2022.
- (12) Orient Laboratories (as vendor) had entered into 2 sale and purchase agreements dated 20 September 2022 with Special Gain (as purchaser) for the disposal of freehold agriculture vacant lands held under Geran Mukim 5439, Lot 1344, Mukim Rawang, District of Gombak, State of Selangor measuring 1.2014 hectares and Geran Mukim 8061, Lot 86003, Mukim Rawang, District of Gombak, State of Selangor measuring 0.8183 hectares at the purchase price of RM4,530,000.00 and RM3,000,000.00, respectively. Both lands are adjacent to each other. The purchase consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the properties of RM7,530,000.00 as appraised by an independent valuer on 16 June 2022. This transaction was completed on 30 September 2022.
- (13) Orient Biotech (as vendor) had entered into a sale and purchase agreement dated 14 March 2023 with Teoh Wei Chin and Lee Bao Yu (as purchasers) for the disposal of all that piece of leasehold land held under H.S.(M) 17969, PT 29434, Mukim Batu, District of Gombak, State of Selangor together with a 3 storey terrace factory erected thereon at the purchase price of RM1,080,000.00, which was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the property of RM1,080,000.00 as appraised by an independent valuer on 6 March 2023. This transaction was completed on 12 May 2023.
- (14) Orient Laboratories (as vendor) had entered into a sale and purchase agreement dated 1 December 2022 with Teoh Wei Chin (as purchaser) for the disposal of all that parcel of retail unit held under strata title Geran 73333/M1/2/220, Petak No. 220, Tingkat No. 2, Bangunan No. M1, Lot 1283 Seksyen 69, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring 60 sq. mt. (or **Kenanga Wholesale City Unit 1-85**) at the purchase price of RM1,650,000.00, which was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the property of RM1,650,000.00 as appraised by an independent valuer on 1 November 2022. This transaction was completed on 1 December 2022.

Save as disclosed below, the Directors confirm that all the other related party transactions between our Group and our Directors and/or major shareholders and/or persons connected to them, were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are not detrimental to the minority shareholders:

- (i) The transactions with Dutch Dairy as set out in item 1(i) were not carried out on arm's length as the selling price for Dutch Dairy is lower than the market price. This is due to Orient Biotech and Dutch Dairy were held by common shareholders, i.e. ES Teoh and CT Wong. However, as set out in note (1) above, ES Teoh and CT Wong had disposed of their entire equity interest in Dutch Dairy to Tay Shing Yang, an independent third party on 23 August 2023. Based on the audited financial statement of Dutch Dairy for FYE 31 May 2023, Dutch Dairy had ceased the business of trading in milk powder to third party manufacturers on 31 October 2022. Since 1 November 2022, the trading of milk powder is carried out by Orient Biotech;

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (ii) The transaction with ES Teoh as set out in item 5 was not carried out on arm's length as Orient Biotech rented the office premise from ES Teoh at a rate lower than the market rate prior to 30 September 2023. From 1 October 2023 onwards, both parties have entered into a supplemental letter to revise the monthly rental from RM2,000.00 to RM2,900.00 on arm's length basis; and
- (iii) The transactions with Dutch Dairy as set out in items 1(ii) and 13, and the transaction with Petavit as set out in item 12(ii) were not carried out on arm's length as our Group sublet part of the office to the related companies for which the shared working space were not quantifiable. However, the arrangements to sublet part of our Group's office premise to Dutch Dairy and Petavit had ceased as at LPD.

10.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

Our Directors have confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/or any of our subsidiaries were party for the Financial Years Under Review and up to the LPD.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.3 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE PROVIDED TO OR FOR THE BENEFIT OF RELATED PARTIES OR BY THE RELATED PARTIES

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Group to or for the benefit of the related parties or by the related parties for the Financial Years Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at				LPD
				31 May 2021 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2024 RM'000	
1.	<ul style="list-style-type: none"> • Orient Biotech • Bagan Eco-Farm 	<ul style="list-style-type: none"> • Orient Biotech is a wholly-owned subsidiary of OB Holdings • ES Teoh and CT Wong are Directors and major shareholders of OB Holdings • ES Teoh and CT Wong are directors and shareholders of Bagan Eco-Farm, each having a 37.50% and 12.50% direct equity interest, respectively • Teoh Eng Sin is a director and shareholder of Bagan Eco- Farm with 12.50% direct equity interest • Teoh Eng Sin is the brother of ES Teoh, being a Director and major shareholder of OB Holdings • Wong Chung Low is a shareholder of Bagan Eco-Farm with 37.50% direct equity interest 	<ul style="list-style-type: none"> Advance provided by Orient Biotech to Bagan Eco-Farm for payment of expenses ⁽¹⁾ Rental collected by Orient Biotech on behalf of Bagan Eco-Farm ⁽²⁾ 	-	5	-	-	-
				50	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at				LPD RM'000
				31 May 2021 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2024 RM'000	
		<ul style="list-style-type: none"> Wong Chung Low is the sister of CT Wong, being a Director and major shareholder of OB Holdings Yeoh Sek Phin is a director of Bagan Eco-Farm Yeoh Sek Phin is the brother in law of ES Teoh and CT Wong, being the Directors and major shareholders of OB Holdings 						
2.	<ul style="list-style-type: none"> Orient Biotech Dutch Dairy 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings Lee Bao Yu is a Director of OB Holdings Teoh Eng Hua was a director and shareholder of Dutch Dairy Teoh Eng Hua is the brother of ES Teoh, being a Director and major shareholder of OB Holdings ES Teoh and CT Wong were shareholders of Dutch Dairy 	<ul style="list-style-type: none"> Amount payable by Dutch Dairy to Orient Biotech for the purchase of milk powder ⁽³⁾ Excess payment by Dutch Dairy for the purchase of milk powder 	52	-	-	-	-
				-	95	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at				LPD RM'000
				31 May 2021 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2024 RM'000	
		<ul style="list-style-type: none"> ES Teoh and Lee Bao Yu were directors of Dutch Dairy 						
3.	<ul style="list-style-type: none"> Orient Biotech Orient Development Sdn Bhd (“Orient Development”) 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh and CT Wong are Directors and major shareholders of OB Holdings ES Teoh and CT Wong are directors and shareholders of Orient Development, each having 50.00% direct equity interest, respectively 	Advances provided by Orient Biotech to Orient Development for working capital	306	-	-	-	-
4.	<ul style="list-style-type: none"> Orient Biotech ES Teoh 	<ul style="list-style-type: none"> Orient Biotech is a wholly-owned subsidiary of OB Holdings ES Teoh is a Director and major shareholder of OB Holdings 	Short-term advances provided by ES Teoh to Orient Biotech for working capital	50	92	-	-	-
5.	<ul style="list-style-type: none"> Orient Laboratories ES Teoh 	<ul style="list-style-type: none"> Orient Laboratories is a wholly-owned subsidiary of OB Holdings ES Teoh is a Director and major shareholder of OB Holdings 	Short-term advances provided by ES Teoh to Orient Laboratories for working capital	210	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at				LPD
				31 May 2021 RM'000	31 May 2022 RM'000	31 May 2023 RM'000	31 May 2024 RM'000	
6.	<ul style="list-style-type: none"> Bonlife ES Teoh 	<ul style="list-style-type: none"> Bonlife is a wholly-owned subsidiary of OB Holdings ES Teoh is a Director and major shareholder of OB Holdings 	Short-term advances provided by ES Teoh to Bonlife for working capital	50	-	-	-	-

Notes:

- (1) Advance for payment of expenses such as quit rent and assessments.
- (2) Due to Bagan Eco-Farm not having the benefit of an online banking facility, Orient Biotech had collected rental payments from third-party tenants on behalf of Bagan Eco-Farm. Subsequently, Orient Biotech had remitted the rental collected on behalf of Bagan Eco-Farm to Bagan Eco-Farm.
- (3) Dutch Dairy had purchased milk powder from Orient Biotech in the past and it generally advanced surplus payment to Orient Biotech for future purchases. As at 31 May 2020, Dutch Dairy had deposited excess amount of RM0.59 million in Orient Biotech. During the FYE 2021, the amount from the purchase of milk powder had exceeded the amount advanced by Dutch Dairy, which in turn resulted in the amount of RM0.05 million being owed by Dutch Dairy to Orient Biotech.

As at LPD, all of these amounts have been fully repaid.

Our Directors confirm that the advances outlined above were not made on an arm's length basis as they were interest-free, unsecured and repayable on demand. As at LPD, these advances were fully paid. Moving forward, our Group has put in place strict internal control and compliance procedures and no further advances or loans will be given to any related parties of our Group unless such advances and loans are permitted under applicable law and the Listing Requirements and brought to our Audit Committee and our Board for deliberation and approval.

There is no other financial assistance made by us to or for the benefit of related parties for the Financial Years under Review and up to LPD save for a corporate guarantee provided by Orient Biotech for the benefit of Special Gain in respect of banking facilities amounting to RM2,450,000 granted by Hong Leong Bank Berhad to Special Gain. Hong Leong Bank Berhad had on 9 October 2023 irrevocably and unconditionally discharged and released Orient Biotech from the said corporate guarantee.

10. RELATED PARTY TRANSACTIONS (CONT'D)**10.4 PROVISION OF GUARANTEES BY OUR SUBSTANTIAL SHAREHOLDERS FOR THE BANKING FACILITIES GRANTED TO OUR GROUP**

Our Directors, namely, ES Teoh and CT Wong have jointly and severally provided personal guarantees for the banking facilities extended by Hong Leong Islamic Bank Berhad, Hong Leong Bank Berhad and OCBC (Malaysia) Bank Berhad (“**Financiers**”) to Orient Biotech and Bonlife. The aggregate amount of facilities secured as at LPD is approximately RM40.06 million.

As at LPD, the details of the facilities granted to Orient Biotech and Bonlife are as follows:

No.	Financiers	Type of Facilities	Facility Limit RM'000	Outstanding amount as at LPD RM'000
1.	OCBC Bank (Malaysia) Berhad	Overdraft	700	-
		Tradeline facilities	3,800	60
		5-year term loan 1	1,000	237
		3-year term loan 2	1,014	225
		5-year term loan 3	947	821
2.	Hong Leong Bank Berhad	Fixed term loan	2,000	- (1)
		Overdraft	500	- (1)
		Tradeline facilities	4,500	522
3.	Hong Leong Islamic Bank Berhad	Term financing 1	12,100	10,890
		Term financing 2	13,500	- (1)
Total			40,061	12,755

Note:

(1) The said facility is yet to be utilised by Orient Biotech.

We have written to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Group and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, ES Teoh and CT Wong will continue to guarantee the respective banking facilities extended to our Group.

As at LPD, we have received conditional approvals from all our Financiers to discharge the above guarantees upon our Listing by substituting the same with a corporate guarantee from our Group and/or other securities from our Group acceptable to the Financiers.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.5.1 Audit and Risk Management Committee review**

Moving forward, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) will be undertaken on arm's length basis and on normal commercial terms. Our Group has established the following procedures:

- (i) whether the terms of the related party transactions are fair and on arms' length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any;
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction; and
- (iv) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products / services and / or quantities.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.5.2 Our Group's policy on related party transactions and conflicts of interest

It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee.

In the event there are any proposed related party transactions that require prior shareholders' approval, any related party who is our Directors, major shareholders and/or persons connected with them who have any interest, whether direct or indirect in the proposed related party transactions will abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Such interested Director and/or major shareholder will also undertake to ensure that persons connected with him/her, if any, will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

After our Listing and in accordance with the Listing Requirements, we will be required to seek our shareholders' approval each time we enter into material related party transactions. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.