

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF ORGABIO HOLDINGS BERHAD (“ORGABIO HOLDINGS” OR “COMPANY”) DATED 15 JUNE 2022 (“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, M&A Securities Sdn Bhd (“M&A Securities”), 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 Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Orgabio Holdings take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 15 June 2022 and will close at 5.00 p.m. on 21 June 2022. In the event there is any change to the timetable, Orgabio Holdings will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities’ website.

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 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.



Lot 83, Jalan Kesuma 2/3, Phase 5D,
Bandar Tasik Kesuma Techno Park,
43700 Beranang, Selangor Darul Ehsan, Malaysia

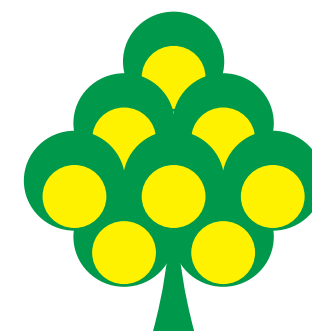
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www.orgabio.com



ORGABIO HOLDINGS BERHAD

PROSPECTUS



PROSPECTUS

ORGABIO HOLDINGS BERHAD

(Registration No. 201801016797 (1278813-M))
(Incorporated in Malaysia under the Companies Act 2016)



INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING PUBLIC ISSUE OF 96,668,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- 12,393,400 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 6,196,700 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 78,077,900 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AND SELECTED INVESTORS

AT AN ISSUE PRICE OF RM0.31 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

This Prospectus has been registered by the SC. The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, 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. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU 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 174.

THE ACE MARKET OF BURSA SECURITIES 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.

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

Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THIS PROSPECTUS IS DATED 15 JUNE 2022

Our Directors and Promoter (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. 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 this Prospectus false or misleading.

M&A Securities Sdn Bhd, being the Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), 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 our IPO.

A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

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 this 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 Group (as defined herein).

Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 13 August 2021. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our 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 whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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 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 therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Forms and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. 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 acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our 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, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the 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 (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic 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 are identical to the copy of this Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "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:

- (a) We and our Adviser do not endorse and is not affiliated in any way with the Third Party Internet Sites and is 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;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs 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 of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our 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, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, 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 an 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, 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

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application	15 June 2022
Closing of Application	21 June 2022
Balloting of the Application	24 June 2022
Allotment of our IPO Shares to successful applicants	1 July 2022
Date of Listing	5 July 2022

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Orgabio Holdings" and the "Company" in this Prospectus are to Orgabio Holdings Berhad (Registration No. 201801016797 (1278813-M)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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 (for percentages) or dollar and sen for currency. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. 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, provided that where no source is acknowledged, it can be assumed that the information originates from our Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the 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 or indirectly linked to such websites does not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

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, plans and objectives 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 Management'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 "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our products and services;
- (ii) Our business strategies and prospects;
- (iii) Our future earnings; and
- (iv) Our ability to pay future dividends.

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

- (a) The economic, political and investment environment in Malaysia and globally; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Section 8 - Risk Factors" and "Section 11 - Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

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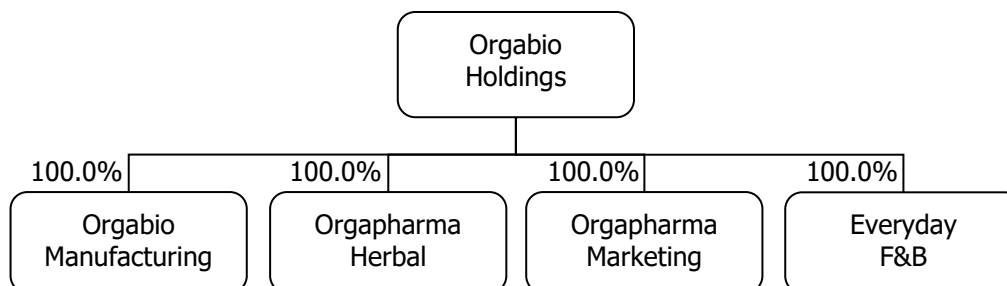
DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

“Everyday F&B”	:	Everyday F&B Manufacturing Sdn Bhd (Registration No. 201601006893 (1177821-P)), a wholly-owned subsidiary of Orgabio Holdings
“Subsidiaries”	:	Collectively, Everyday F&B, Orgabio Manufacturing, Orgapharma Herbal and Orgapharma Marketing
“Orgabio Holdings” or “Company”	:	Orgabio Holdings Berhad (Registration No. 201801016797 (1278813-M))
“Orgabio Holdings Group” or “Group”	:	Orgabio Holdings and its subsidiaries, collectively
“Orgabio Manufacturing”	:	Orgabio Manufacturing Sdn Bhd (Registration No. 200601013445 (733196-H)), a wholly-owned subsidiary of Orgabio Holdings
“Orgapharma Herbal”	:	Orgapharma Herbal Manufacturing Sdn Bhd (Registration No. 200201014012 (581675-P)), a wholly-owned subsidiary of Orgabio Holdings
“Orgapharma Marketing”	:	Orgapharma Marketing Sdn Bhd (Registration No. 200301015368 (617788-X)), a wholly-owned subsidiary of Orgabio Holdings

A diagrammatic illustration of our Group structure is as follows:



GENERAL:

“ACE Market”	:	ACE Market of Bursa Securities
“Act”	:	Companies Act 2016
“Acquisition of Subsidiaries”	:	Acquisition by Orgabio Holdings of all shares in the Subsidiaries from Ean Yong & Sons for a total purchase consideration of RM15,119,999.80 which was wholly satisfied by the issuance of 151,199,998 new Shares at an issue price of RM0.10 per Share.

The Acquisition of Subsidiaries was completed on 28 August 2021 and resulted in Orgabio Manufacturing, Orgapharma Herbal, Orgapharma Marketing and Everyday F&B becoming wholly-owned subsidiaries of Orgabio Holdings

DEFINITIONS (Cont'd)

"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor"	:	M&A Securities
"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	The printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM(s)"	:	Automated Teller Machine(s)
"Beranang Factory"	:	A single storey factory annexed with 2-storey offices with a guard house located at Lot 83, Jalan Kesuma 2/3, Phase 5D, Bandar Tasik Kesuma Techno Park, 43700 Beranang, Selangor. Further details on the Beranang Factory is set out in Section 6.17.1(i)
"Board"	:	Board of Directors of Orgabio Holdings
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	:	Compounded annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"Closing Date"	:	The date adopted in this Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"Cornerstone Investor"	:	Hai-O Enterprise Berhad (Registration No. 197501000919 (22544-D)), a wholly-owned subsidiary of BesHom Holdings Berhad (Registration No. 202101001114 (1401412-A)), a company listed on the Main Market of Bursa Securities
"Cornerstone Investment Agreement"	:	Cornerstone investment agreement dated 22 March 2021 (which was varied via the exchange of letters dated 15 September 2021 and 15 April 2022) entered into between our Company and the Cornerstone Investor as set out in Section 6.16(iv)
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto
"DDWG"	:	Due diligence working group for the purpose of our IPO
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act

DEFINITIONS (Cont'd)

"Ean Yong & Sons"	:	Ean Yong & Sons Sdn Bhd (Registration No. 201801015783 (1277799-D))
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"FPE(s)"	:	6 months financial period(s) ended 31 December
"FPE 2021"	:	6 months financial period ended 31 December 2020
"FPE 2022"	:	6 months financial period ended 31 December 2021
"FYE(s)"	:	Financial year(s) ended 30 June
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Independent Market Research Report on the Instant Beverage Premix Industry in Malaysia"
"Initial Public Offering" or "IPO"	:	Our initial public offering via our Public Issue
"Internet Participating Financial Institutions"	:	Participating financial institutions for Internet Share Application as listed in Section 15
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"IPO Price"	:	Our issue price of RM0.31 per Share pursuant to our Public Issue
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)" or "IPO Share(s)"	:	The new Share(s) to be issued pursuant to our Public Issue subject to the terms and conditions of this Prospectus
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM45,087,081.80 comprising 247,868,000 Shares on the ACE Market

DEFINITIONS (Cont'd)

"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue and Listing, collectively
"LPD"	:	17 May 2022, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MCO"	:	Movement control order
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry Malaysia
"MOH"	:	Ministry of Health Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application, as listed in Section 15
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 6,196,700 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group
"Placement Agent"	:	M&A Securities
"Promoter"	:	Ean Yong & Sons
"Prospectus"	:	This prospectus dated 15 June 2022 in relation to our IPO
"Public Issue"	:	The public issue of 96,668,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies

DEFINITIONS (Cont'd)

"SC"	:	Securities Commission Malaysia
"Semenyih Land"	:	An industrial freehold land measuring approximately 87,123 sq ft bearing the title HS(M) 8079, PT No. 29951, Tempat Bangi, Mukim of Semenyih, District of Hulu Langat, State of Selangor. We intend to build our new factory on this land. Further details on the Semenyih Land is set out in Section 6.17.1(ii)
"Shares" or "Orgabio Holdings Shares"	:	Ordinary shares in Orgabio Holdings
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"sq ft"	:	Square foot
"SST"	:	Sales and Service Tax
"Underwriter"	:	M&A Securities
"Underwriting Agreement"	:	The underwriting agreement dated 30 September 2021 (which was varied via an exchange of letter dated 28 December 2021) entered into between our Company and M&A Securities pursuant to our IPO
"USA"	:	United States of America
"Vendor"	:	Ean Yong & Sons

CURRENCIES:

"RMB"	:	Ren Min Bi or Chinese Yuan
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SGD"	:	Singapore Dollar
"USD"	:	United States Dollar

TECHNICAL GLOSSARY:

Certificate of Analysis (CoA)	:	A certification to certify that the ingredients and properties in a product meets the product specification
Certificate of Free Sale (CFS)	:	A certification to certify a product as being fit for export
Certificate of Origin (CoO)	:	A certification to certify the origin of the manufactured goods
FSSC	:	Food Safety System Certification issued by Intertek Certification Limited
Glycemic index (GI)	:	An index representing the ability of foods containing carbohydrates to increase blood sugar (glucose) levels after eating
Glycemic response (GR)	:	The change in blood sugar (glucose) levels after eating foods containing carbohydrates

DEFINITIONS (Cont'd)

GMP	:	Good Manufacturing Practice Certificate issued by the MOH
HACCP	:	Hazard Analysis and Critical Control Point Certificate issued by the MOH
Health Certificate	:	A certification to certify a product as being safe for human consumption and meeting the standards set by the importing country's food laws
Maltodextrin	:	A food ingredient which is used as filler to increase the volume of instant beverage premixes
MeSTI	:	Makanan Selamat Tanggungjawab Industri Certificate issued by the MOH
Premix	:	A product comprising ingredients that have been proportionately measured in each serving, it provides the convenience to consumers for instant consumption due to its quick and easy preparation, and portable size

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Address	Nationality
Dr Teh Chee Ghee (M)	Independent Non-Executive Chairman	15, Jalan Kenanga SD9/3C Bandar Sri Damansara 52200 Kuala Lumpur	Malaysian
Dato' Ean Yong Tin Sin (M)	Executive Deputy Chairman	No 23, Jalan Ecohill 3/2E Setia Ecohill 43500 Semenyih Selangor	Malaysian
Ean Yong Hien Voon (M)	Executive Director / Chief Executive Officer	No 2A, Jalan Ecohill 3/2A Setia Ecohill 43500 Semenyih Selangor	Malaysian
Ean Yong Hen Loen (M)	Executive Director	No 23, Jalan Ecohill 3/2E Setia Ecohill 43500 Semenyih Selangor	Malaysian
Phang Sze Fui (F)	Independent Non-Executive Director	17, Jalan PP 4/12 Taman Putra Prima 47130 Puchong Selangor	Malaysian
Dato' Magaret Ting Thien Hung (F)	Independent Non-Executive Director	Amaya Saujana, Block 3, 3-3A-10 Persiaran Golf Saujana Seksyen U2 40150 Shah Alam Selangor	Malaysian
Dato' Chan Kong Yew (M)	Independent Non-Executive Director	12, Jalan Impian 6A Bandar Botanic 41200 Klang Selangor	Malaysian

Notes:

M refers to male
F refers to female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Phang Sze Fui	Chairman	Independent Non-Executive Director
Dato' Chan Kong Yew	Member	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Magaret Ting Thien Hung	Chairman	Independent Non-Executive Director
Dato' Chan Kong Yew	Member	Independent Non-Executive Director
Phang Sze Fui	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Chan Kong Yew	Chairman	Independent Non-Executive Director
Phang Sze Fui	Member	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director

REGISTERED OFFICE : 22-09, Menara 1MK
 No. 1, Jalan Kiara
 Mont Kiara
 50480 Wilayah Persekutuan
 Kuala Lumpur

Telephone number: 03-2856 7333

HEAD OFFICE : Lot 83, Jalan Kesuma 2/3
 Phase 5D, Bandar Tasik Kesuma Techno Park
 43700 Beranang
 Selangor

Telephone number: 03-8079 1878

EMAIL ADDRESS AND WEBSITE : Email address: enquiry@orgabio.com
 Website: <https://www.orgabio.com>

COMPANY SECRETARIES : Chong Voon Wah (SSM PC NO. 202008001343)
 (MAICSA7055003)
(Associate of the Institute of Chartered Secretaries and Administrators)

Thai Kian Yau (SSM PC NO. 202008001515) (MIA 36921)
(Member of Malaysian Institute of Accountants)

Telephone number: 03-2856 7333

1. CORPORATE DIRECTORY (Cont'd)

- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : **Grant Thornton Malaysia PLT (Registration No. 201906003682 & LLP0022494-LCA (AF 0737))**
Level 11
Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone number: 03-2692 4022
Partner's name: Lee Yik Loong
Approval number: 03630/12/2023 J
(Chartered Accountant (Malaysia), Certified Practising Accountant (Australia))
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))**
Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone number: 03-2284 2911
- SOLICITORS FOR OUR IPO** : **Teh & Lee**
A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
Telephone number: 03-2283 2800
- SHARE REGISTRAR AND ISSUING HOUSE** : **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 number: 03-2783 9299
- INDEPENDENT MARKET RESEARCHER** : **Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))**
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Telephone number: 03-2732 7537
Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science from Memorial University of Newfoundland, Canada)
- LISTING SOUGHT** : ACE Market of Bursa Securities

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had vide its letter dated 13 August 2021 approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submission of the following information in respect of the moratorium on the shareholdings of the Promoter to the Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	Complied
2.	Approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied
3.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements.	To be complied
4.	Furnish to Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Orgabio Holdings on the first day of Listing.	To be complied
5.	Ensure any director of Orgabio Holdings that has not attended the Mandatory Accreditation Programme must do so prior to the Listing.	Complied
6.	In relation to the public offering to be undertaken by Orgabio Holdings, to announce at least 2 Market Days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche, in format prescribed; and (iv) Disclosure of placees who become substantial shareholders of Orgabio Holdings arising from the public offering, if any. M&A Securities is reminded to ensure that the overall distribution of Orgabio Holdings' securities is properly carried out to provide an orderly trading in the secondary market.	To be complied
7.	Orgabio Holdings/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Orgabio Holdings to the Official List of the ACE Market.	To be complied
8.	Orgabio Holdings/M&A Securities to ensure full compliance of all requirements as provided under the Listing Requirements at all times.	Noted

2. APPROVALS AND CONDITIONS (Cont'd)

Bursa Securities had vide its letter dated 21 January 2022 resolved to grant Orgabio an extension of time until 11 July 2022 to complete the implementation of the Listing.

2.1.2 SC

Our Listing 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 27 August 2021, approved the resultant equity structure of Orgabio Holdings under the equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Orgabio Holdings allocating shares equivalent to 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied
(b)	Orgabio Holdings is to make available at least 50.0% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The effects of our Listing on the equity structure of Orgabio Holdings shall be as follows:

Category of shareholders	As at 1 March 2021		After Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors to be approved by the MITI	-	-	30,983,500	12.5
- Bumiputera public via balloting	-	-	6,196,700	2.5
Total Bumiputera	-	-	37,180,200	15.0
Non-Bumiputera	2	100.0	210,687,800	85.0
Malaysians	2	100.0	247,868,000	100.0
Foreigners	-	-	-	-
TOTAL	2	100.0	247,868,000	100.0

2.1.3 Malaysian Code of Corporate Governance 2021 ("MCCG")

Practice 5.9 of MCCG states that the Board should comprise at least 30% women directors.

As at LPD, 28.57% of our Board comprise of woman directors. We intend to identify and appoint an additional women director within 6 months from our Listing.

2.1.4 Approval from MITI

The MITI had, vide its letter dated 10 September 2021, taken note and has no objection to our Listing.

2. APPROVALS AND CONDITIONS *(Cont'd)*

2.2 MORATORIUM ON OUR SHARES

2.2.1 Moratorium on Promoter

In accordance with Paragraph 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Orgabio Holdings Shares held by our Promoter as follows:

- (i) The moratorium applies to the entire shareholdings of our Promoter for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");
- (ii) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoter's aggregate shareholdings amounting to at least 45% of our total number of issued ordinary shares remain under moratorium for another period of 6 months ("Second 6-Month Moratorium"); and
- (iii) On the expiry of the Second 6-Month Moratorium, our Promoter may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of those Orgabio Holdings Shares held under moratorium.

Details of our Promoter and its Shares which will be subject to the abovementioned moratorium, are set out below:

Promoter	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares	(1)%	No. of Shares	(1)%
Ean Yong & Sons	151,199,998	61.00	111,540,600	45.00

Note:

- (1) Based on the enlarged share capital of 247,868,000 Shares.

The moratorium has been fully accepted by our Promoter, who has provided written undertaking that it will not sell, transfer or assign its shareholding under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoter to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

The shareholders of Ean Yong & Sons, namely Dato' Ean Yong Tin Sin, Datin Lai You Mooi, Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew have undertaken not to sell, transfer or assign their shareholdings in Ean Yong & Sons during the moratorium period.

2.2.2 Moratorium on Cornerstone Investor

Hai-O Enterprise Berhad, our Cornerstone Investor, has voluntarily agreed to place its entire shareholding under moratorium. It has provided the written undertaking to Bursa Securities that it will not sell, transfer or assign its shareholdings under moratorium during the period of 6 months from the Listing date.

2. APPROVALS AND CONDITIONS (Cont'd)

Details of Hai-O Enterprise Berhad and its Shares which will be subject to the moratorium are set out below:

Shareholder	No. of Shares	⁽¹⁾%
Hai-O Enterprise Berhad	24,786,800	10.00

Note:

⁽¹⁾ Based on the enlarged share capital of 247,868,000 Shares.

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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 RELATING TO 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:

No. of Shares to be issued under the Public Issue	96,668,000
- For application by the Malaysian Public ⁽¹⁾	12,393,400
- For Pink Form Allocations	6,196,700
- For private placement ⁽²⁾	78,077,900
Enlarged number of Shares upon Listing	247,868,000
IPO Price per Share (RM)	0.31
Market capitalisation (calculated based on our IPO Price and enlarged number of Shares upon Listing)	RM76,839,080

Notes:

- (1) Including 6,196,700 Issue Shares made available to Bumiputera public investors.
 (2) Including 30,983,500 Issue Shares made available to selected Bumiputera investors approved by MITI, 22,307,600 Issue Shares made available to selected investors and 24,786,800 Issue Shares made available to the Cornerstone Investor.

Our Promoter's entire shareholding after IPO will be under moratorium for 6 months from the date of Listing. Thereafter, our Promoter's shareholding amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoter may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 months.

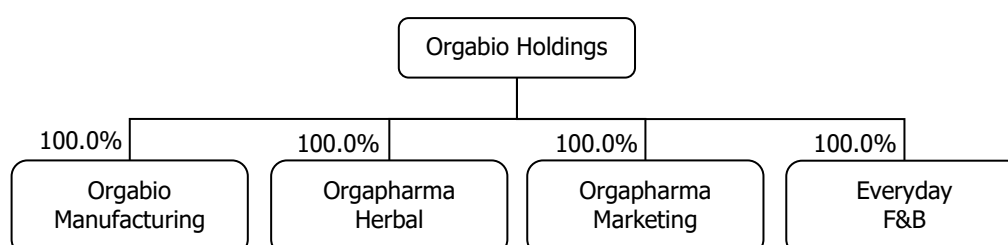
Hai-O Enterprise Berhad, our Cornerstone Investor, has voluntarily agreed to place its entire shareholding under moratorium for the period of 6 months.

Further details on the moratorium on our shares are set out in Section 2.2.

Further details on our IPO are set out in Section 4.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

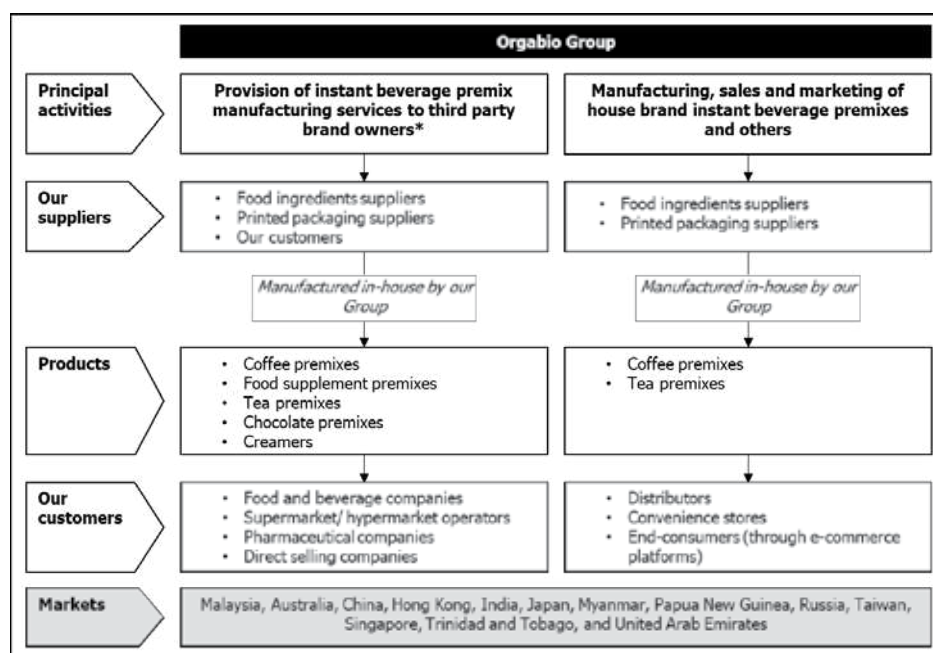
Our Company was incorporated in Malaysia on 2 May 2018 under the Act as a private limited company under the name of Orgabio Holdings Sdn Bhd. On 24 November 2020, we converted into a public limited company and assumed our present name. We were incorporated as a special purpose vehicle to facilitate the listing of our Subsidiaries on the ACE Market. Our group structure as at the LPD is as follows:



Orgabio Holdings is an investment holding company and through our subsidiaries, we are principally involved in the provision of instant beverage premix manufacturing services to third party brand owners and manufacturing, sales and marketing of house brand instant beverage premixes. We have not entered into any long-term contracts with our customers as our sales are derived based on purchase orders whereby our customers will purchase our services on an as-needed basis.

3. PROSPECTUS SUMMARY (Cont'd)

Our business model is depicted in the following diagram:



Note:

* We are also involved in the sale of aloe vera gel, whereby we source for ingredients and packaging materials internally and outsource the packaging process to a third party packaging company.

Further details of our Group and our business model are set out in Section 6.

The breakdown of our Group's revenue segmentation by principal markets is as follows:

Revenue by principal market	Audited								Unaudited		Audited	
	FYE 2018		FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local												
Malaysia	26,456	80.98	23,102	72.89	32,553	82.68	53,197	90.05	27,300	93.08	27,213	78.10
Overseas												
Singapore	112	0.34	2,901	9.15	2,325	5.90	430	0.73	37	0.13	712	2.04
China	5,347	16.37	5,063	15.97	1,630	4.14	397	0.67	262	0.89	1,338	3.84
Papua New Guinea	-	-	95	0.30	1,081	2.75	2,451	4.15	936	3.19	3,950	11.34
United Arab Emirates	366	1.12	447	1.41	714	1.81	549	0.93	232	0.79	262	0.75
Hong Kong	81	0.25	-	-	642	1.63	112	0.19	-	-	170	0.49
Trinidad and Tobago	-	-	-	-	375	0.95	1,763	2.98	460	1.57	1,198	3.44
Others	308 ⁽¹⁾	0.94	88 ⁽²⁾	0.28	53 ⁽³⁾	0.14	173 ⁽³⁾	0.30	103 ⁽³⁾	0.35	-	-
	6,214	19.02	8,594	27.11	6,820	17.32	5,875	9.95	2,030	6.92	7,630	21.90
Total revenue	32,670	100.00	31,696	100.00	39,373	100.00	59,072	100.00	29,330	100.00	34,843	100.00

Notes:

- (1) Comprises revenue derived from sales to Japan, Myanmar, Russia and Taiwan.
- (2) Comprises revenue derived from sales to India and Russia.
- (3) Comprises revenue derived from sales to Australia.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.3 IMPACT OF COVID-19 AND THE MCO

Our business and operations faced temporary interruption pursuant to the COVID-19 outbreak globally. The imposition of the MCO effective on 18 March 2020 to 3 May 2020 by the government of Malaysia to contain the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from the relevant governmental bodies. As our business is categorised under essential services, we were allowed to continue operating during the period of the MCO. Nevertheless, between 18 March 2020 and 3 May 2020, we were required to adhere to the standard operating procedures set out by MITI whereby we had reduced our Group's total workforce to a capacity of 50%.

(a) Impact on local sales and delivery

During the initial stage of the MCO, temporary disruptions to the logistics flow had resulted in delays of up to 2 weeks in our delivery schedule to local customers. Nevertheless, we had informed our customers of such delay in delivery schedule and in view of the COVID-19 situation, our customers did not initiate any penalty claims against our Group arising from the delay. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the delivery of manufactured products to local customers.

(b) Impact on export sales

Further, during the initial stage of the MCO, temporary logistic disruptions had resulted in delays of up to 2 weeks in our delivery schedule to foreign customers. Nevertheless, we had informed our customers of such delay in delivery schedule and in view of the COVID-19 situation, our customers did not initiate any penalty claims against our Group arising from the delay. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the delivery of manufactured products to foreign customers.

Resulting from the COVID-19 outbreak, we had received a suspension of 2 purchase orders from 1 foreign customer, namely Loi Hein (Singapore) Pte Ltd, our major customer in the FYE 2019 and FYE 2020. The suspension of these 2 purchase orders amounted to USD0.45 million (approximately RM1.85 million) and we are unable to recognise such revenue until we complete the fulfilment of the order. As at the LPD, we have yet to receive instructions from Loi Hein (Singapore) Pte Ltd to resume manufacturing of these suspended orders. Nevertheless, our Group was able to recognise revenue for the 3 purchase orders which amounted to RM1.86 million from Loi Hein (Singapore) Pte Ltd which were not suspended in the FYE 2020.

During the MCO, we experienced a 1-month delay in fulfilling orders secured from Bryden Pi Ltd which resulted from a delay in receiving supplies purchased from overseas. Bryden Pi Ltd is our new customer in which we received the purchase orders in November 2019 for the manufacturing of coffee premixes. As we did not have ready supplies available in our inventory to undertake manufacturing activities for Bryden Pi Ltd, we had to purchase the required supplies from overseas. Nevertheless, we had informed Bryden Pi Ltd of such delays in the delivery schedule and in view of the COVID-19 situation, Bryden Pi Ltd did not initiate any penalty claims against our Group arising from the delay. The orders secured from Bryden Pi Ltd were eventually fulfilled on 3 April 2020 and 23 April 2020.

Following the resurgence of COVID-19 cases in Malaysia, a second MCO was imposed in all federal territories and most of the states in Malaysia for different durations from January 2021 to March 2021. Subsequently, conditional MCO and recovery MCO were imposed in different states for different durations from March 2021 to May 2021. In Selangor, where our factory is located, a second MCO was imposed effective 13 January 2021 to 4 March 2021. Subsequently, conditional MCO was imposed on 5 March 2021. Nevertheless, there were no disruptions to our operations and our Group was allowed to operate at full workforce capacity as our business is categorised under essential services by MITI. Further, there were no disruptions in the procurement and receipt of supplies as our suppliers are also categorised under essential services. Due to the above, there were no delays in the fulfilment of orders.

During the MCO, conditional MCO and recovery MCO period since March 2020, we continue to receive enquires for our instant beverage premix manufacturing services and we have managed to secure and fulfilled orders from 12 new customers with total purchase orders that amounted to RM1.40 million.

3. PROSPECTUS SUMMARY (Cont'd)

A third MCO was imposed in 6 districts in Selangor which include the district in which our factory is located from 6 May 2021 and it was later extended throughout Malaysia from 12 May 2021. Subsequently, the National Recovery Plan (phase 1) (previously known as nationwide total lockdown (phase 1)) was imposed from 1 June 2021 to 9 September 2021. As our business is categorised under essential services, we were allowed to continue operating during the third MCO and National Recovery Plan (phase 1). However, our employees who were physically present at our factory at any given time was limited to 60% of the total workforce (including production and office workforce). Nevertheless, even with the reduced workforce, our production was able to continue to operate 2 shifts, where we limited the number of employees who were physically present at our factory at less than 60% of our total workforce in each shift. We did not face any major disruption for our production, sales and marketing activities, procurement and receipt of supplies.

An enhanced MCO was imposed in 34 sub-districts in Selangor, which include the sub-district in which our factory is located from 3 July 2021 to 16 July 2021. Our Group was not allowed to operate from 3 July 2021 to 7 July 2021 as coffee and tea manufacturing was not included in the list of essential food and beverage manufacturing. Orders from our local and foreign customers which were intended to be manufactured and/or delivered from 3 July 2021 to 7 July 2021 were temporarily delayed. However, our customers did not initiate any penalty claims against our Group arising from the delay. On 7 July 2021, MITI included coffee and tea manufacturing in the list of essential food and beverage manufacturing which allowed us to resume our operations on 8 July 2021. However, our employees who were physically present at our factory at any given time was limited to 60% of the total workforce (including production and office workforce). Nevertheless, even with the reduced workforce, our production can continue to operate 2 shifts, and we limit the number of employees who were physically present at our factory at less than 60% of our total workforce in each shift. Selangor was in the NRP (phase 2) from 10 September 2021 to 30 September 2021, NRP (phase 3) from 1 October 2021 to 17 October 2021 and moved into NRP (phase 4) from 18 October 2021 onwards. As all of our employees have been fully vaccinated, we no longer required to limit the number of employees who are physically present at our factory in each shift in the NRP (phase 2, phase 3 and phase 4). As such, moving forward, we do not expect any major disruption to our production, sales and marketing activities, procurement and receipt of supplies. From 1 April 2022, Malaysia transits to the endemic phase of COVID-19. As such, moving forward, we do not expect any major disruption to our production, sales and marketing activities, procurement and receipt of supplies.

To comply with the standard operating procedure(s) ("SOP(s)") imposed during the MCO, conditional MCO and recovery MCO period since March 2020, our Group has incurred testing costs and disinfection costs amounting to RM0.26 million, which is not material to our Group. Our Group has also not been in breach of any laws relating to COVID-19 restrictions and/or SOPs as issued by the relevant authorities.

Kindly refer to Section 6.7.4 for additional details.

3.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

- (i) Our industry experience and expertise enable us to propose and provide customised formulations for instant beverage premixes to suit the needs of a broad range of customers. Having been in the industry for 16 years since we commenced our instant beverage premix business in 2006, we have gained extensive experience in the formulation and manufacturing of instant beverage premixes.
- (ii) We provide end-to-end solutions to customers, where our services range from the development of product formulations, sourcing of supplies, to manufacturing of products, and finally the delivery of products to our customers' premise.
- (iii) We have an established track record of long-standing relationships with our notable customers, such as Amway (M) Sdn Bhd (16 years), Hai-O Enterprise Berhad (15 years), Lotuss Stores (Malaysia) Sdn Bhd (formerly known as Tesco Stores (Malaysia) Sdn Bhd) (15 years), TDC Avenue Sdn Bhd (formerly known as Tunas Duta Cemerlang Sdn Bhd) (14 years) and Eonsave Cash & Carry Sdn Bhd (13 years).
- (iv) We are accredited with various certifications as a testament of our manufacturing compliance to internationally recognised food quality and safety standards, such as HACCP, FSSC 22000, MeSTI and GMP. Our manufacturing facility is also registered with the US FDA and certified Halal by JAKIM.

3. PROSPECTUS SUMMARY (Cont'd)

- (v) We have an experienced and hands-on management team with accumulated years of experience in their respective field and key expertise, industry experience and in-depth knowledge of our business operations. Our Executive Deputy Chairman, Dato' Ean Yong Tin Sin; Executive Director/Chief Executive Officer, Ean Yong Hien Voon; and Executive Director, Ean Yong Hen Loen have working experience in instant beverage premix industry for over 29 years, 20 years and 10 years, respectively.

Further details of our competitive strengths are set out in Section 6.8.

3.5 BUSINESS STRATEGIES AND PROSPECTS

A summary of our business strategies and prospects are set out below:

- (i) We intend to construct a new factory on our Semenyih Land which will enable us to customise the design for our manufacturing area. This will allow us to optimise the configuration of our existing machinery and new machinery to be purchased in order to enhance our manufacturing workflow and efficiency. This will allow our manufacturing workflow to be more linear and continuous as compared to our current manufacturing workflow. The total construction cost of our new factory is estimated at RM18.00 million, which will be funded via a combination of IPO proceeds (RM16.00 million) and internally generated funds (RM2.00 million).
- (ii) We intend to enhance the efficiency of our existing manufacturing activities and increase our manufacturing capacity to enable our Group to take on opportunities arising from future demand which will in turn contribute to the growth of our financial performance. Hence, we plan to utilise our IPO proceed amounting to RM2.23 million to set up the Intermediate Bulk Containers blending system, which will enhance our efficiency via automation of transferring and cleaning processes. Upon implementation, our Group also estimates that we will be able to reduce our dependency on human labour by 5 workers.
- (iii) We plan to grow our customer base in the direct selling segment by securing more local and overseas direct selling companies as our customers as direct selling companies are able to provide us with high manufacturing volumes, which will in turn enhance the growth of our financial performance and the sustainability of our Group.
- (iv) We plan to continue expanding our export sales via participation in international trade fairs and exhibitions as this will aid in enhancing our market presence and visibility as it enables us to showcase our products and services. Subject to the development of the COVID-19 pandemic, our Group expects to resume participation in trade fairs and exhibitions in 2023 when overseas traveling is allowed as these trade fairs and exhibitions are expected to be held physically.
- (v) We plan to continue expanding the range of product offerings and market presence of our house brands by launching new instant beverage premixes which include ice coffee and tea premixes, low GI formulated tea premixes, chocolate premixes and oat cereal premixes under new house brands which we plan to introduce. The development of the ice coffee and tea premixes was completed in September 2021; while the low GI formulated tea premixes, chocolate premixes and oat cereal premixes are currently under product development stages, which are expected to complete by October 2022. We will be able to commence selling of the new instant beverage premixes after obtaining Halal certification for all new instant beverage premixes and certification for low GI content for our low GI formulated tea premixes. The registration of new product formulations with JAKIM to obtain the Halal certifications is applicable for customers which require the instant beverage premixes to be Halal certified. The receipt of Halal certification is generally within 3 months from application, which will be applied upon receipt of order from customers to commercialise these products. The delivery of orders will be delayed until the receipt of the Halal certificates.

Further details on our business strategies and prospects are set out in Section 6.19.

3.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8. Some of the more important risk factors are summarised below:

3. PROSPECTUS SUMMARY (Cont'd)

- (i) Our GP margin were affected by the volatility in prices of supplies. The prices of key supplies used by our Group are volatile according to the global commodity prices, which are mainly caused by the COVID-19 pandemic as well as global supply and supply chain disruptions. Key supplies used by us includes coffee powder, milk powder, creamer, sugar and sachet foils which constitute between 57.65% to 79.98% of our cost of sales for the past 4 FYEs and FPE 2022. GP margins recorded during FPE 2022 was 18.56% which is lower as compared to our past GP margins of between 25.63% to 36.15%.

We have begun to pass on the increase in cost of key supplies to our customers by increasing our selling price progressively in order to improve our GP margins and have factored in the increase of raw material prices when issuing quotations to new customers. However, if the cost of our key supplies continues to increase, we may not be able to fully pass on such increase to our customers in a timely manner and as such, may continue to record lower GP margins in the interim period. As such, the historical trend of our GP margin may not reflect our future GP margin trend.

- (ii) We are dependent on Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd (formerly Tunas Duta Cemerlang Sdn Bhd), whom have been our customer since 2007 and 2008 respectively. Collectively, they have contributed 69.58%, 75.75% and 64.59% to our Group's revenue for FYE 2020, FYE 2021 and FPE 2022, respectively. Any loss of these major customers could result in a loss of revenue and will have an adverse impact on our financial performance.

We are also dependent on certain products from both of these customers, namely 3 coffee/tea premix products from Hai-O Enterprise Berhad and 3 food supplement premix products from TDC Avenue Sdn Bhd. Any decision by our customers to discontinue any of these instant beverage premixes will affect our financial performance.

- (iii) The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance.
- (iv) We have obtained the necessary licences and approvals from various governmental authorities for our business such as manufacturing licence, MeSTI, GMP, HACCP, Halal Certificate, FSSC 22000 and US FDA. The licences and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities.

3.7 DIRECTORS, KEY SENIOR MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dr Teh Chee Ghee	Independent Non-Executive Chairman
Dato' Ean Yong Tin Sin	Executive Deputy Chairman
Ean Yong Hien Voon	Executive Director / Chief Executive Officer
Ean Yong Hen Loen	Executive Director
Phang Sze Fui	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director
Dato' Chan Kong Yew	Independent Non-Executive Director
Key senior management	
Ean Yong Hien Chal	Production Manager
Ngooi Sok Ling	Chief Financial Officer
Tok Ai Mei	Quality Assurance and Quality Control Manager

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.3 respectively.

3. PROSPECTUS SUMMARY (Cont'd)

The details and shareholdings of our Promoter and substantial shareholders in our Company before and after our IPO are as follows:

Name/ Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder								
Ean Yong & Sons / Malaysia	151,199,998	99.99	-	-	151,199,998	61.00	-	-
Substantial shareholders								
Dato' Ean Yong Tin Sin / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	⁽⁴⁾ 400,000	0.16	⁽³⁾ 153,399,998	61.89
Datin Lai You Mooi / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	⁽⁴⁾ 400,000	0.16	⁽³⁾ 153,399,998	61.89
Ean Yong Hien Voon / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	⁽⁴⁾ 300,000	0.12	⁽³⁾ 153,499,998	61.93
Ean Yong Hien Chal / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	⁽⁴⁾ 350,000	0.14	⁽³⁾ 153,449,998	61.91
Ean Yong Han Khian / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	⁽⁴⁾ 350,000	0.14	⁽³⁾ 153,449,998	61.91
Ean Yong Hen Loen / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	⁽⁴⁾ 300,000	0.12	⁽³⁾ 153,499,998	61.93
Ean Yong Sik Siew / Malaysian	-	-	⁽³⁾ 151,199,998	99.99	-	-	⁽³⁾ 153,799,998	62.05
Hai-O Enterprise Berhad / Malaysia	-	-	-	-	⁽⁵⁾ 24,786,800	10.00	-	-

Notes:

- (1) Based on the share capital of 151,200,000 Shares after the Acquisition of Subsidiaries.
- (2) Based on the enlarged share capital of 247,868,000 Shares after the IPO.
- (3) Deemed interested by virtue of their shareholdings in Ean Yong & Sons and family members' shareholdings in Orgabio Holdings.
- (4) Assuming that our Directors/employees will fully subscribe for their respective entitlements under the Pink Form Allocations.
- (5) Assuming Hai-O Enterprise Berhad subscribes for 24,786,800 Shares pursuant to the Cornerstone Investment Agreement set out in Section 6.16(iv).

Further details of the Promoter and substantial shareholders are set out in Section 5.1.2.

3.8 UTILISATION OF PROCEEDS

The gross proceeds arising from the Public Issue of approximately RM29.97 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Estimated timeframe for utilisation	RM'000	%
Construction of new factory	March 2023 ⁽¹⁾	16,000	53.39
Acquisition of machinery	4 months ⁽²⁾	2,230	7.44
Working capital	12 months ⁽³⁾	8,137	27.15
Estimated listing expenses	1 month ⁽³⁾	3,600	12.02
		29,967	100.00

3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) Kindly refer to Sections 4.10.1(i) and 6.19.1(iv) for the detailed timeline.
 (2) From the estimated completion of the construction of our new factory.
 (3) From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.10.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

3.9.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights of our historical audited combined statements of profit or loss and other comprehensive income for the FYEs 2018 to 2021 and FPE 2022:

	Audited				Unaudited	Audited
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	32,670	31,696	39,373	59,072	29,330	34,843
Cost of sales	(20,861)	(23,572)	(26,958)	(41,202)	(20,506)	(28,375)
GP	11,809	8,124	12,415	17,870	8,824	6,468
PBT	7,424	3,398	7,724	11,048	6,053	3,821
PAT attributable to:						
- Owners of the Company	5,502	2,254	5,636	7,641	4,577	2,707
- Non-controlling interest	4	9	-	-	-	-
EBIT	7,960	4,099	8,305	11,562	6,369	4,080
EBITDA	9,213	5,647	9,912	13,292	7,100	5,045
GP margin (%)	36.15	25.63	31.53	30.25	30.09	18.56
PBT margin (%)	22.72	10.72	19.62	18.70	20.63	10.97
PAT margin (%)	16.85	7.14	14.31	12.94	15.61	7.77
Effective tax rate (%)	25.84	33.40	27.03	30.84	24.38	29.15
EPS (sen) ⁽¹⁾	3.64	1.49	3.73	5.05	3.03	1.79
Diluted EPS (sen) ⁽²⁾	2.22	0.91	2.27	3.08	1.85	1.09

In FYE 2019, we recorded lower revenue as compared to preceding FYE 2018 due to lower revenue from other premises as our major customer, Hai-O Enterprise Berhad did not purchase any tea premises in FYE 2019 (FYE 2018: RM2.33 million) due to lower sales of their tea premises in FYE 2019. Products under other premises include regular milk tea, green tea, matcha latte, chocolate premises and creamers. We recorded increase in cost of sachet foils used for the packing of instant beverage premises due to increase in prices by our suppliers, which result in lower GP margin of 25.63%. In addition, we recorded higher administrative expenses due to the hiring of additional employees which had also decreased our overall PBT margin and PAT margin.

In FPE 2022, despite the increase in revenue, our GP decreased by RM2.36 million or 26.75%. This was attributable to the decrease in our GP margin from 30.09% in FPE 2021 to 18.56% in FPE 2022 due to the increase in cost of supplies. Our PBT decreased from RM6.05 million in FPE 2021 to RM3.82 million in FPE 2022 and our PBT margin also decreased from 20.63% to 10.97% which was mainly due to increase in cost of supplies namely coffee powder, milk powder, creamer, sugar and sachet foils. Kindly refer to Section 8.1.1 on the reasons leading to such increase in cost of supplies. Resulting from the above, our PAT decreased from RM4.58 million in FPE 2021 to RM2.71 million in FPE 2022. Our PAT margin also decreased from 15.61% in FPE 2021 to 7.77% in FPE 2022.

3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) Calculated based on the PAT attributable to owners of the Company divided by the share capital of 151,200,000 Shares before the IPO.
- (2) Calculated based on the PAT attributable to owners of the Company divided by the enlarged share capital of 247,868,000 Shares after the IPO.

Further details on the financial information are set out in Sections 12 and 13.

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications.

3.9.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group, to show the effects of the Public Issue and utilisation of IPO proceeds.

It is presented for illustrative purposes only and should be read together with the Pro forma Combined Statements of Financial Position as set out in Section 13.

	Orgabio Holdings	I	II
	As at 31 December 2021	After Public Issue	After I and after utilisation of IPO proceeds
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	19,118	19,118	37,348
Investment properties	1,958	1,958	1,958
Total non-current assets	19,118	19,118	39,306
Current assets			
Inventories	7,630	7,630	7,630
Trade receivables	6,807	6,807	6,807
Other receivables	2,820	2,820	2,820
Financial assets at FVTPL	2,003	2,003	2,003
Tax recoverable	1,255	1,255	1,255
Cash and bank balances	4,160	34,127	12,297
Total current assets	24,675	54,642	32,812
TOTAL ASSETS	45,751	75,718	72,118
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15,120	45,087	43,822
Merger deficit	(14,186)	(14,186)	(14,186)
Retained earnings	20,046	20,046	17,711
TOTAL EQUITY	20,980	50,947	47,347
LIABILITIES			
Non-current liabilities			
Borrowings	9,356	9,356	9,356
Lease liabilities	1,461	1,461	1,461
Deferred tax liabilities	297	297	297
Total non-current liabilities	11,114	11,114	11,114
Current liabilities			
Trade payables	9,114	9,114	9,114
Other payables	2,401	2,401	2,401
Borrowings	1,571	1,571	1,571

3. PROSPECTUS SUMMARY (Cont'd)

	Orgabio Holdings	I	II
	As at 31 December 2021	After Public Issue	After I and after utilisation of IPO proceeds
	RM'000	RM'000	RM'000
Lease liabilities	571	571	571
Total current liabilities	13,657	13,657	13,657
TOTAL LIABILITIES	24,771	24,771	24,771
TOTAL EQUITY AND LIABILITIES	45,751	75,718	72,118
Number of Shares in issue ('000)	151,200	247,868	247,868
NA per Share (RM)	0.14	0.21	0.19
Borrowings (All interest bearing debts)	12,959	12,959	12,959
Gearing (times)	0.62	0.25	0.27
Current ratio (times)	1.81	4.00	2.40

3.10 DIVIDENDS

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

In respect of FYEs 2018 to 2021 and FPE 2022, dividends declared by our subsidiaries, Orgabio Manufacturing and Orgapharma Marketing were as follows:

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	(1) 5,000	(2) 2,000	(3) 2,500

Notes:

- (1) Declared on 30 June 2020 and paid on 28 August 2020.
(2) Declared on 4 January 2021 and paid on 5 January 2021.
(2) Declared on 23 August 2021 and paid on 23 September 2021.

Subsequent to 31 December 2021, no dividends were declared. Our Company does not intend to declare any dividends prior to the Listing.

Further details of our dividends are set out in Section 11.13.

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4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated 15 June 2022. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 13 August 2021, for, amongst others, our admission to the Official List of the ACE Market and for the listing of and quotation for our entire enlarged share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, amongst others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. PARTICULARS OF OUR IPO (Cont'd)

Applications for the Issue Shares may be made using either of the following:

<u>Type of application form</u>	<u>Category of Investor</u>
White Application Form or Electronic Share Application or Internet Share Application	Malaysian Public (for individuals)
White Application Form	Malaysian Public (for non-individuals, e.g. corporations, institutions etc)
Pink Form Applications	Our eligible Directors and employees as well as persons who have contributed to the success of our Group

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

Please refer to Section 15 for further details on the procedures for application for our IPO Shares. Details of the ADAs that you may open a CDS Account can be obtained at the following link:

<http://www.bursamalaysia.com/market/securities/equities/brokers>

If you are an individual with a CDS Account, you may make an Application by way of Electronic Share Application. You are required to furnish your CDS Account number to the Participating Financial Institution by keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS Account and an existing account to their internet financial services of an Internet Participating Financial Institutions, you can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.2 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 15 June 2022 and will remain open until at 5.00 p.m. on 21 June 2022. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	15 June 2022
Closing Date	21 June 2022
Balloting of the Application for our IPO Shares	24 June 2022
Allotment of our IPO Shares to successful applicants	1 July 2022
Date of Listing	5 July 2022

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.4 DETAILS OF OUR IPO

4.4.1 Public Issue

A total of 96,668,000 Issue Shares, representing 39.00% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

12,393,400 Issue Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 6,196,700 Issue Shares made available to public investors; and
- (b) 6,196,700 Issue Shares made available to Bumiputera public investors.

(ii) Our eligible Directors and employees as well as persons who have contributed to the success of our Group

6,196,700 Issue Shares, representing 2.50% of our enlarged share capital, will be reserved for our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.4.2.

(iii) Private placement to selected Bumiputera investors approved by MITI and selected investors

78,077,900 Issue Shares, representing 31.50% of our enlarged share capital, have been reserved for private placement in the following manner:

- (a) 30,983,500 Issue Shares made available for selected Bumiputera investors approved by MITI;
- (b) 22,307,600 Issue Shares made available for selected investors; and

4. PARTICULARS OF OUR IPO (Cont'd)

(c) 24,786,800 Issue Shares made available to the Cornerstone Investor.

On 22 March 2021, our Company entered into the Cornerstone Investment Agreement (which was varied via the exchange of letters dated 15 September 2021 and 15 April 2022) with Hai-O Enterprise Berhad, the Cornerstone Investor where Hai-O Enterprise Berhad has agreed to subscribe for 24,786,800 Issue Shares, representing 10.00% of our enlarged share capital at the IPO Price, subject to terms of the Cornerstone Investment Agreement, as set out in Section 6.16(iv).

In the event the Cornerstone Investment Agreement is terminated for whatsoever reason, the 24,786,800 Issue Shares, representing 10.00% of our enlarged share capital shall be made available for private placement to selected investors. There will be no implications to our Group's operations and financial position in the event the Cornerstone Investment Agreement is terminated as our business relationship with Hai-O Enterprise Berhad does not depend on the successful subscription of the 24,786,800 Issue Shares under the Cornerstone Investment Agreement.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue 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 Directors.

The allocation of Issue Shares to selected Bumiputera investors shall be subject to the allocation as approved by MITI. Any unsubscribed Issue Shares under this allocation shall be offered to Bumiputera institutional investors. Issue Shares unsubscribed by Bumiputera institutional investors shall then be offered to Bumiputera public investors via balloting.

There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

Save for the 24,786,800 Issue Shares (representing approximately 25.6% of the Public Issue) to be issued to Hai-O Enterprise Berhad under the Cornerstone Investment Agreement, we are not aware of any other person who intends to subscribe for more than 5% of the Public Issue.

4.4.2 Pink Form Allocations

We have allocated 6,196,700 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Our eligible Directors	7	1,400,000
Our eligible employees	21	2,136,700
Persons who have contributed to the success of our Group	94	2,660,000
	122	6,196,700

The criteria for allocation to our eligible Directors are based on their anticipated contribution to our Group.

4. PARTICULARS OF OUR IPO (Cont'd)

The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

- (i) The employee must be at least 18 years of age;
- (ii) The employee must have his/her employment confirmed in writing; and
- (iii) The employees' seniority, position, length of service and contribution to our Group.

The number of IPO Shares to be allotted to those persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group and shall be subject to the approval by our Board. Persons who have contributed to the success of our Group are our customers and suppliers.

Detail of the allocation to our Directors and key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
Dr Teh Chee Ghee	Independent Non-Executive Chairman	100,000
Dato' Ean Yong Tin Sin	Executive Deputy Chairman	400,000
Ean Yong Hien Voon	Executive Director / Chief Executive Officer	300,000
Ean Yong Hen Loen	Executive Director	300,000
Phang Sze Fui	Independent Non-Executive Director	100,000
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director	100,000
Dato' Chan Kong Yew	Independent Non-Executive Director	100,000
Ean Yong Hien Chal	Production Manager	350,000
Ngooi Sok Ling	Chief Financial Officer	150,000
		<u>1,900,000</u>

Our Directors and key senior management set out above intends to subscribe to their Issue Shares allocated under the Pink Form Allocations.

Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hen Loen and Ean Yong Hien Chal are shareholders of our Ean Yong & Sons, our Promoter. Our Board has resolved to allocate Issue shares to them under the Pink Form Allocations premised on the following:

- (i) Dato' Ean Yong Tin Sin is the founding shareholder of our Group and has been instrumental in leading our Group and our business growth for the past 20 years. The allocation of Issue Shares under the Pink Form Allocations is to directly reward him for his past contributions as well as for his anticipated contribution to our Group; and
- (ii) Ean Yong Hien Voon, Ean Yong Hen Loen and Ean Yong Hien Chal's continued involvements in our Group is critical for us to implement our business strategies and to ensure the continued growth of our Group. The allocation of Issue Shares under the Pink Form Allocations directly to them is to secure their commitment to our Group as well as for their anticipated contributions to our Group.

Pink Form Allocations which are not subscribed to, will be re-allocated to the other Directors/key senior management mentioned in the table above, employees and persons who have contributed to the success of our Group at the discretion of our Board.

4. PARTICULARS OF OUR IPO (Cont'd)**4.5 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) The PE Multiple of approximately 10.06 times based on our EPS of 3.08 sen for the FYE 2021 calculated based on our PAT for the FYE 2021 of RM7.64 million and our enlarged share capital of 247,868,000 Shares upon Listing;
- (ii) Our pro forma combined NA per Share as at 31 December 2021 after our IPO of RM0.19 based on our combined NA as at 31 December 2021 of RM47.35 million (after the Public Issue and utilisation of IPO proceeds) and our enlarged share capital of 247,868,000 Shares upon Listing;
- (iii) Our historical financial track record for the past FYEs 2018 to 2021 and FPE 2022 summarised as follows:

	Audited				Unaudited	Audited
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	32,670	31,696	39,373	59,072	29,330	34,843
GP	11,809	8,124	12,415	17,870	8,824	6,468
PAT attributable to:						
- Owners of the Company	5,502	2,254	5,636	7,641	4,577	2,707
- Non-controlling interest	4	9	-	-	-	-
	5,506	2,263	5,636	7,641	4,577	2,707
EPS (sen) ⁽¹⁾	3.64	1.49	3.73	5.05	3.03	1.79

Note:

- (1) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 151,200,000 Shares before our IPO.

- (iv) Our competitive strengths as set out in Section 6.8; and
- (v) Our Group's business strategies and prospects as further described in Section 6.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.6 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	151,200,000	15,120,001.80
To be issued pursuant to our Public Issue	96,668,000	29,967,080.00
Enlarged share capital upon our Listing	247,868,000	45,087,081.80
Market capitalisation⁽¹⁾		76,839,080

Note:

(1) Based on our IPO Price and our enlarged number of shares upon Listing.

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally amongst one another.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) To provide an opportunity for the Malaysian Public, our eligible Directors and employees as well as persons who have contributed to the success of our Group to participate in our equity;
- (ii) To enable our Group to raise funds for the purposes specified in Section 4.10;
- (iii) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise; and
- (iv) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and services and to retain and attract new, skilled employees in the industry.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.8 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 247,868,000 Shares upon Listing, our total market capitalisation is estimated to be RM76,839,080 upon Listing.

4.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma combined NA per Share immediately after our IPO.

Our pro forma combined NA per Share as at 31 December 2021 is RM0.14. After giving effect to the Public Issue (and utilisation of proceeds), our pro forma combined NA per Share as at 31 December 2021 is RM0.19.

This represents an immediate increase in the pro forma combined NA per Share to our existing shareholders of RM0.05, and an immediate dilution in the pro forma combined NA per Share of RM0.12 to our new public investors. The following table illustrates such dilution on a per Share basis:

	RM
Pro forma combined NA per Share as at 31 December 2021 after taking into account the Public Issue	0.21
IPO Price	0.31
Pro forma combined NA per Share as at 31 December 2021 after taking into account the Public Issue and utilisation of IPO proceeds	0.19
Dilution in the pro forma combined NA per Share to our new public investors	(0.12)
Dilution in the pro forma combined NA per Share as a percentage of our IPO Price	38.71%

Further details of our pro forma combined NA per Share as at 31 December 2021 are set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholder for our Shares since our incorporation up to the date of this Prospectus:

Shareholder	(1)No. of Shares	Total consideration	Average effective cost per Share
		RM	RM
Ean Yong & Sons	151,199,998	15,119,999.80	0.10

Note:

(1) Issued pursuant to the Acquisition of Subsidiaries.

Save for the Shares received by our Promoter pursuant to the Acquisition of Subsidiaries, our Directors and key senior management pursuant to the Pink Form Allocations and our Cornerstone Investor pursuant to the Cornerstone Investment Agreement, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 4 years up to the LPD.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.10 UTILISATION OF PROCEEDS

4.10.1 Public Issue

The estimated gross proceeds arising from the Public Issue of approximately RM29.97 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	Estimated timeframe for utilisation	RM'000	%
Construction of new factory	(i)	March 2023 ⁽¹⁾	16,000	53.39
Acquisition of machinery	(ii)	4 months ⁽²⁾	2,230	7.44
Working capital	(iii)	12 months ⁽³⁾	8,137	27.15
Estimated listing expenses	(iv)	1 month ⁽³⁾	3,600	12.02
			29,967	100.00

Notes:

- (1) Kindly refer to Sections 4.10.1(i) and 6.19.1(iv) for the detailed timeline.
(2) From the estimated completion of the construction of our new factory.
(3) From the date of listing of our Shares.

Pending the utilisation of the proceeds to be raised from our Public Issue, the funds will be placed with licenced financial institutions as deposits.

(i) Construction of new factory

In October 2017, we completed the acquisition of a parcel of freehold industrial land, namely the Semenyih Land. We intend to set up a new factory to increase our manufacturing capacity and enhance the efficiency of our manufacturing through the construction of a new factory.

In the past 4 FYEs 2018 to 2021 and FPE 2022, our Beranang Factory operated at utilisation rates of 83.18%, 70.04%, 70.44%, 84.26% and 73.58%, respectively. This planned increase in manufacturing capacity is to cater for our future business growth where the increased capacity will enable our Group to take on new customers and more large orders arising from our plans to grow our customer base in the direct selling segment, expanding our export sales and expanding the range of product offerings and market presence of our house brands. Kindly refer to Section 6.19 for further details on our business strategies and prospects.

By constructing a new factory, we will be able to customise the design for our manufacturing area which, in turn, will allow us to optimise the configuration of our existing machinery and new machinery to be purchased in order to enhance our manufacturing workflow and efficiency. This will allow our manufacturing workflow to be more linear and continuous as compared to our current manufacturing workflow.

Our new factory will have a built-up area of approximately 81,647.38 sq ft. A floor space of approximately 40,289.10 sq ft will be allocated for manufacturing activities, 24,056.80 sq ft for warehousing purposes, 6,469.33 sq ft for loading bays and 8,688.41 sq ft for office space.

4. PARTICULARS OF OUR IPO (Cont'd)

The breakdown of the construction cost for our new factory is estimated as follows:

Description	Total estimated cost (RM'000)
Construction works	8,799
Mechanical and engineering works	5,275
Infrastructural works	1,483
Professional fees ⁽¹⁾	250
Authority and utilities	454
Interior fit-out and loose furniture	1,702
Contingencies	37
	18,000

Note:

(1) Comprising project consultation and legal fees.

The total construction cost of our new factory is estimated at RM18.00 million, of which RM16.00 million of the total construction cost will be funded via IPO proceeds and the remaining RM2.00 million will be funded via internally generated funds. As at the LPD, RM0.42 million has been paid via internally generated funds.

The indicative timeline for the construction of our new factory is as follows:

Timeline	Details
29 January 2021	<ul style="list-style-type: none"> Submission of planning permit to Majlis Perbandaran Kajang Submission of building plan to Majlis Perbandaran Kajang
February 2022	<ul style="list-style-type: none"> Receipt of approved planning permit Receipt of approved building plan
April 2022	<ul style="list-style-type: none"> Commencement of construction of new factory
March 2023	<ul style="list-style-type: none"> Completion of construction of new factory Purchase of new machinery
July 2023	<ul style="list-style-type: none"> Certificate of Completion and Compliance obtained Approval from MITI/MIDA for manufacturing licence obtained Installation of new machinery Partial relocation of machinery from Beranang Factory to new factory
August 2023	<ul style="list-style-type: none"> Commencement of operations Relocation of remaining machinery from Beranang Factory to the new factory

We had in February 2022 received the approved planning permit and building plan and thereafter commenced the construction of new factory in April 2022. We expect to complete the construction of the new factory by March 2023 and to complete the relocation of all operations to the new factory by August 2023. In the event that the construction of the new factory is delayed, save for higher than anticipated construction costs, there is no material adverse impact on the Group. The delay in relocation from Beranang Factory to Semenyih Factory as a result of delay in completion of construction of Semenyih Factory will not have any material adverse impact to our Group as we can continue to operate at our Beranang Factory.

4. PARTICULARS OF OUR IPO (Cont'd)

If the actual cost of construction is higher than the amount budgeted, the deficit will be funded via internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for our working capital requirements.

Further details of our new factory are set out in Section 6.19.1.

(ii) Acquisition of machinery

We intend to utilise RM2.23 million of the proceeds to acquire the following machinery:

Details	No. of unit	RM'000
Intermediate Bulk Containers blending system	1	2,230

Additional details on the acquisition of machinery are set out in Section 6.19.2.

The machine will be installed in the new factory upon obtaining the Certificate of Completion and Compliance for the new factory.

(iii) Working capital

Approximately RM8.14 million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used for the purchase of supplies to support our business.

The main supplies used by us for the manufacturing of our products include milk powder, creamer, colostrum powder, coffee powder, sugar and sachet foils. The purchase of supplies for the past FYEs/FPE are as follows:

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Supplies	17,681	19,109	22,237	35,728	24,660

Kindly refer to Section 6.10 for the full list of supplies utilised by our Group.

At this juncture, we have not determined the exact sum to be utilised for each supplies to be purchased. The allocation to each supply to be purchased will depend on the types and quantity of supplies required as and when our orders are secured.

(iv) Estimated listing expenses

The amount of RM3.60 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Details	RM'000
Professional fees ⁽¹⁾	2,483
Underwriting, placement and brokerage fees	830
Printing and advertising fees	130

4. PARTICULARS OF OUR IPO (Cont'd)

Details	RM'000
Others ⁽²⁾	157
	3,600

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Comprising fees payable to authorities (such as lodgement fees payable to the Companies Commission of Malaysia), other incidental or related expenses in connection with our IPO.

4.11 UNDERWRITING AND PLACEMENT ARRANGEMENT, COMMISSION AND BROKERAGE**4.11.1 Underwriting arrangement and commission**

Our Underwriter will underwrite 18,590,100 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.0% of the total value of the underwritten Shares at our IPO Price.

Any of our Issue Shares which are not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. If all of our Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations, if any, will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of Issue Shares will be the number of Issue Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

4.11.2 Placement arrangement and commission

The balance 78,077,900 Issue Shares from the Public Issue available for application by selected Bumiputera investors approved by MITI and selected investors will not be underwritten and shall be placed out by our Placement Agent.

We are obliged to pay our Placement Agent a placement fee of 3.0% of the value of those Issue Shares to be placed out to selected Bumiputera investors approved by MITI and selected investors set out in Sections 4.4.1(iii)(a) and 4.4.1(iii)(b) as well as 1.0% of the value of those Issue Shares to be placed out to the Cornerstone Investor set out in Section 4.4.1(iii)(b).

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.11.3 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 18,590,100 Issue Shares ("Underwritten Shares").

The salient terms of the Underwriting Agreement are as follows:

Conditions precedent

- 1.1 The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("Conditions Precedent"):
- (i) The acceptance of the listing proposal from Bursa Securities, the clearance of registrable Prospectus from the SC and the lodgement of registrable Prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;
 - (ii) The issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date thereof or such extension as consented by the Underwriter;
 - (iii) There having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
 - (iv) The issue, offer and subscription of the Issue Shares in accordance with the provisions thereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
 - (v) All necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (vi) The Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;

4. PARTICULARS OF OUR IPO (Cont'd)

- (vii) The delivery to the Underwriter prior to the date of registration of the Prospectus of (a) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Directors and our shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (b) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph 1.1(iii);
 - (viii) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
 - (ix) The Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market without undue delay.
- 1.2 In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

Termination

- 1.3 Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
- (i) There is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or

4. PARTICULARS OF OUR IPO (*Cont'd*)

- (ii) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or
- (iii) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or
- (iv) There shall have occurred, happened or come into effect any of the following circumstances:
 - (a) 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
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of our Issue Shares, 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; or
 - (c) the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
 - (d) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (v) There is failure on the part of our Company to perform any of their respective obligations herein contained; or

4. PARTICULARS OF OUR IPO (*Cont'd*)

- (vi) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
 - (vii) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.
- 1.4 Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify the Underwriter.

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

5.1 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoter's and substantial shareholders' shareholdings

The shareholdings of our Promoter and substantial shareholders in our Company before and after our IPO are set out below:

Name/ Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder								
Ean Yong & Sons / Malaysia	151,199,998	99.99	-	-	151,199,998	61.00	-	-
Substantial shareholders								
Dato' Ean Yong Tin Sin / Malaysian	-	- ⁽³⁾	151,199,998	99.99	⁽⁴⁾ 400,000	0.16	⁽³⁾ 153,399,998	61.89
Datin Lai You Mooi / Malaysian	-	- ⁽³⁾	151,199,998	99.99	⁽⁴⁾ 400,000	0.16	⁽³⁾ 153,399,998	61.89
Ean Yong Hien Voon / Malaysian	-	- ⁽³⁾	151,199,998	99.99	⁽⁴⁾ 300,000	0.12	⁽³⁾ 153,499,998	61.93
Ean Yong Hien Chal / Malaysian	-	- ⁽³⁾	151,199,998	99.99	⁽⁴⁾ 350,000	0.14	⁽³⁾ 153,449,998	61.91
Ean Yong Han Khian / Malaysian	-	- ⁽³⁾	151,199,998	99.99	⁽⁴⁾ 350,000	0.14	⁽³⁾ 153,449,998	61.91
Ean Yong Hen Loen / Malaysian	-	- ⁽³⁾	151,199,998	99.99	⁽⁴⁾ 300,000	0.12	⁽³⁾ 153,499,998	61.93
Ean Yong Sik Siew / Malaysian	-	- ⁽³⁾	151,199,998	99.99	-	-	⁽³⁾ 153,799,998	62.05
Hai-O Enterprise Berhad / Malaysia	-	-	-	- ⁽⁵⁾	24,786,800	10.00	-	-

Notes:

- (1) Based on the share capital of 151,200,000 Shares after the Acquisition of Subsidiaries.
- (2) Based on the enlarged share capital of 247,868,000 Shares after the IPO.
- (3) Deemed interested by virtue of their shareholdings in Ean Yong & Sons and family members' shareholdings in Orgabio Holdings.
- (4) Assuming that our Directors/employees will fully subscribe for their respective entitlements under the Pink Form Allocations.
- (5) Assuming Hai-O Enterprise Berhad subscribes for 24,786,800 Shares pursuant to the Cornerstone Investment Agreement set out in Section 6.16(iv).

Our Promoter and substantial shareholders do not have different voting rights from the other shareholders of our Group.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.1.2 Profiles of Promoter and substantial shareholders

The profiles of our Promoter and substantial shareholders are as follows:

(i) Ean Yong & Sons

Ean Yong & Sons was incorporated as a private limited company under the Act on 23 April 2018.

The principal activity of Ean Yong & Sons is investment holding of shares in companies. As at the LPD, Ean Yong & Sons has a share capital of RM18,595,484.40 comprising 5,000,000 ordinary shares. The directors of Ean Yong & Sons are Dato' Ean Yong Tin Sin and Ean Yong Hien Voon.

As at the LPD, the shareholders and their respective shareholdings in Ean Yong & Sons are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	⁽¹⁾ No. of shares	%
Dato' Ean Yong Tin Sin	Malaysian	1,550,000	31.00	3,450,000	69.00
Datin Lai You Mooi	Malaysian	1,000,000	20.00	4,000,000	80.00
Ean Yong Hien Voon	Malaysian	800,000	16.00	4,200,000	84.00
Ean Yong Hien Chal	Malaysian	650,000	13.00	4,350,000	87.00
Ean Yong Han Khian	Malaysian	500,000	10.00	4,500,000	90.00
Ean Yong Hen Loen	Malaysian	350,000	7.00	4,650,000	93.00
Ean Yong Sik Siew	Malaysian	150,000	3.00	4,850,000	97.00

Note:

⁽¹⁾ Deemed interested by virtue of family members' shareholdings in Ean Yong & Sons.

(ii) Dato' Ean Yong Tin Sin

Dato' Ean Yong Tin Sin is our substantial shareholder by virtue of his shareholding in Ean Yong & Sons.

He is the husband of Datin Lai You Mooi and the father of Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew.

He is also our Executive Deputy Chairman. His profile is set out in Section 5.2.2.

(iii) Datin Lai You Mooi

Datin Lai You Mooi, a Malaysian, age 71, is our substantial shareholder by virtue of her shareholding in Ean Yong & Sons.

She completed her primary education in Sekolah Jenis Kebangsaan Cina Serdang Baru 1 in 1962. In 1963, she started working in her family-run convenient store located at Serdang. In August 1989, she was helping out at her husband's restaurant until April 1993. From April 1993 to June 2002, she was a full time housewife.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In June 2002, after the incorporation of Orgapharma Herbal, Datin Lai joined the company as a Production Supervisor where she is responsible for supervising the workers in the packing of products, a position she is currently holding.

She is the wife of Dato' Ean Yong Tin Sin and the mother of Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew.

(iv) Ean Yong Hien Voon

Ean Yong Hien Voon is our substantial shareholder by virtue of his shareholding in Ean Yong & Sons.

He is the son of Dato' Ean Yong Tin Sin and Datin Lai You Mooi and the sibling of Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew.

He is also our Executive Director/Chief Executive Officer. His profile is set out in Section 5.2.2.

(v) Ean Yong Hien Chal

Ean Yong Hien Chal is our substantial shareholder by virtue of his shareholding in Ean Yong & Sons.

He is the son of Dato' Ean Yong Tin Sin and Datin Lai You Mooi and the sibling of Ean Yong Hien Voon, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew.

He is also our Production Manager. His profile is set out in Section 5.3.3.

(vi) Ean Yong Han Khian

Ean Yong Han Khian, a Malaysian, age 38, is our substantial shareholder by virtue of his substantial shareholding in Ean Yong & Sons.

In June 2001, he completed an automobile mechanic course at Sekolah Menengah Teknik Kajang.

In June 2002, after the incorporation of Orgapharma Herbal, he joined Orgapharma Herbal as a Production Operator where he was involved in operating production machinery. In 2011, he was promoted to Production Supervisor where his responsibility was to supervise production operations. In 2015, he was transferred to Orgapharma Marketing and was appointed as a Logistics and Sales Manager (a position he currently holds), where he oversees the delivery of finished products.

He is the son of Dato' Ean Yong Tin Sin and Datin Lai You Mooi and the sibling of Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Hen Loen and Ean Yong Sik Siew.

(vii) Ean Yong Hen Loen

Ean Yong Hen Loen is our substantial shareholder by virtue of his shareholding in Ean Yong & Sons.

He is the son of Dato' Ean Yong Tin Sin and Datin Lai You Mooi and the sibling of Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian and Ean Yong Sik Siew.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

He is also our Executive Director. His profile is set out in Section 5.2.2.

(viii) Ean Yong Sik Siew

Ean Yong Sik Siew, a Malaysian, age 31, is our substantial shareholder by virtue of her shareholding in Ean Yong & Sons.

In June 2014, she graduated with a Bachelor of Arts in International Relations with Japanese (Honours) from University of Nottingham, United Kingdom. In November 2020, she obtained a Master of Science in Corporate Governance and Compliance from Hong Kong Baptist University, Hong Kong.

In July 2014, she joined Hays Specialist Recruitment (M) Sdn Bhd as a Talent Associate where she was involved in the provision of outsourced recruitment services. She left Hays Specialist Recruitment (M) Sdn Bhd in April 2015 and joined HSBC Bank Malaysia Berhad in May 2015 as a Global Standards Manager where she undertook risk management and compliance work. In November 2017, she left HSBC Bank Malaysia Berhad and joined Orgabio Manufacturing as a Compliance Manager where she was involved in overseeing compliance to food safety standards. She left Orgabio Manufacturing in August 2019 to pursue her Master's degree. In July 2020, she joined Hong Leong Bank Berhad as an Assistant Manager, Compliance where she undertakes regulatory compliance work.

She is the daughter of Dato' Ean Yong Tin Sin and Datin Lai You Mooi and the sibling of Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian and Ean Yong Hen Loen.

(ix) Hai-O Enterprise Berhad

Hai-O Enterprise Berhad was incorporated in Malaysia on 14 April 1975 as a private limited company and was subsequently converted into a public limited company on 5 June 1989. Hai-O Enterprise Berhad was listed on the Second Board of Kuala Lumpur Stock Exchange on 6 December 1996. On 8 October 2007, Hai-O Enterprise Berhad transferred its listing to the Main Board of Bursa Securities (now known as the Main Market of Bursa Securities). On 29 November 2021, Hai-O Enterprise Berhad completed an internal reorganisation which resulted in it being a wholly-owned subsidiary of BesHom Holdings Berhad. The Main Market listing status of Hai-O Enterprise Berhad was assumed by BesHom Holdings Berhad.

Hai-O Enterprise Berhad is principally engaged in the wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding activities and property holding activities.

As at LPD, the share capital of Hai-O Enterprise Berhad is RM157,154,513.00 comprising 300,103,230 ordinary shares.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

As at the LPD, the Directors in Hai-O Enterprise Berhad are as follows:

Name	Designation
Tan Keng Kang	Group Managing Director
Hew Von Kin	Group Executive Director cum Group Chief Financial Officer
Ng Chek Yong	Senior Independent Non-Executive Director
Tan Beng Ling	Independent Non-Executive Director
Soon Eng Sing	Independent Non-Executive Director
Chia Kuo Wui	Independent Non-Executive Director
Tan Kim Siong	Independent Non-Executive Director
Professor Hajjah Ruhanas Binti Harun	Independent Non-Executive Director

As at the LPD, Hai-O Enterprise Berhad is a wholly-owned subsidiary of BesHom Holdings Berhad, a company listed on Main Market of Bursa Securities.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.1.3 Changes in the Promoter's and substantial shareholders' shareholdings

The changes in our Promoter and substantial shareholders' respective shareholdings since our incorporation on 2 May 2018 are as follows:

Promoter/ Substantial Shareholders	⁽¹⁾ As at incorporation			Before the Acquisition of Subsidiaries		
	Direct	Indirect	Indirect	Direct	Indirect	Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ean Yong & Sons	-	-	-	-	-	-
Dato' Ean Yong Tin Sin	1	50.00	-	-	-	-
Datin Lai You Mooi	-	-	-	-	-	-
Ean Yong Hien Voon	1	50.00	-	-	-	-
Ean Yong Hien Chal	-	-	-	-	-	-
Ean Yong Han Khian	-	-	-	-	-	-
Ean Yong Hen Loen	-	-	-	-	-	-
Ean Yong Sik Siew	-	-	-	-	-	-
Hai-O Enterprise Berhad	-	-	-	-	-	-
Low Wei Leong	-	-	-	1	50.00	-
Ong Boon Fern	-	-	-	1	50.00	-
Promoter/ Substantial Shareholders	⁽²⁾ After the Acquisition of Subsidiaries			⁽³⁾ After IPO		
	Direct	Indirect	Indirect	Direct	Indirect	Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ean Yong & Sons	151,199,998	99.99	-	-	151,199,998	61.00
Dato' Ean Yong Tin Sin	-	-	⁽⁴⁾ 151,199,998	99.99	⁽⁵⁾ 400,000	0.16 ⁽⁴⁾ 153,399,998 61.89

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Promoter/ Substantial Shareholders	(2)After the Acquisition of Subsidiaries						(3)After IPO					
	Direct			Indirect			Direct			Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Datin Lai You Mooi	-	-	(4) 151,199,998	99.99	(5) 400,000	0.16	(4) 153,399,998	61.89				
Ean Yong Hien Voon	-	-	(4) 151,199,998	99.99	(5) 300,000	0.12	(4) 153,499,998	61.93				
Ean Yong Hien Chal	-	-	(4) 151,199,998	99.99	(5) 350,000	0.14	(4) 153,449,998	61.91				
Ean Yong Han Khian	-	-	(4) 151,199,998	99.99	(5) 350,000	0.14	(4) 153,449,998	61.91				
Ean Yong Hen Loen	-	-	(4) 151,199,998	99.99	(5) 300,000	0.12	(4) 153,499,998	61.93				
Ean Yong Sik Siew	-	-	(4) 151,199,998	99.99	-	-	(4) 153,799,998	62.05				
Hai-O Enterprise Berhad	-	-	-	-	(6) 24,786,800	10.00	-	-				
Low Wei Leong	1	-.*	-	-	1	-.*	-	-				
Ong Boon Fern	1	-.*	-	-	1	-.*	-	-				

Notes:

* Negligible.

(1) Comprising 2 subscriber shares.

(2) Based on the share capital of 151,200,000 Shares after the Acquisition of Subsidiaries.

(3) Based on the enlarged share capital of 247,868,000 Shares after the IPO.

(4) Deemed interested by virtue of their shareholdings in Ean Yong & Sons and family members' shareholdings in Orgabio Holdings.

(5) Assuming that our Directors/employees will fully subscribe for their respective entitlements under the Pink Form Allocations.

(6) Assuming Hai-O Enterprise Berhad subscribes for 24,786,800 Shares pursuant to the Cornerstone Investment Agreement set out in Section 6.1.6(iv).

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.1.4 Persons exercising control over the corporation

Save for Ean Yong & Sons, our Promoter, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.5 Substantial shareholders' remuneration and benefits

Save as disclosed in Section 5.2.4, the remuneration and benefits (includes salaries, bonuses, benefits-in-kind and allowance) paid to our substantial shareholders (excluding our Directors and key senior management) in the past 2 years immediately preceding the date of this Prospectus are as follows:

	Salaries		Bonuses		Benefits-in-kind and allowance		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FYE 2020								
Datin Lai You Mooi	278		44		-			322
Ean Yong Han Khian	115		15		-			130
FYE 2021								
Datin Lai You Mooi	314		44		-			358
Ean Yong Han Khian	148		17		37			202
FPE 2022								
Datin Lai You Mooi	156		-		-			156
Ean Yong Han Khian	73		-		10			83

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are set out below:

Name	Designation / Nationality	Before IPO ⁽¹⁾		After IPO ⁽²⁾			
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares		
		%	%	%	%		
Dr Teh Chee Ghee	Independent Non-Executive Chairman / Malaysian	-	-	(4) 100,000	-	0.04	-
Dato' Ean Yong Tin Sin	Executive Deputy Chairman / Malaysian	-	(3) 151,199,998	(4) 400,000	(3) 153,399,998	0.16	61.89
Ean Yong Hien Voon	Executive Director / Chief Executive Officer / Malaysian	-	(3) 151,199,998	(4) 300,000	(3) 153,499,998	0.12	61.93
Ean Yong Hen Loen	Executive Director / Malaysian	-	-	(4) 300,000	(3) 153,499,998	0.12	61.93
Phang Sze Fui	Independent Non-Executive Director / Malaysian	-	-	(4) 100,000	-	0.04	-
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director / Malaysian	-	-	(4) 100,000	-	0.04	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Name	Designation / Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares

Dato' Chan Kong Yew	Independent Non-Executive Director / Malaysian	-	-	-	-	(4) 100,000	0.04	-	-
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Notes:

- (1) Based on the share capital of 151,200,000 Shares after the Acquisition of Subsidiaries.
- (2) Based on the enlarged share capital of 247,868,000 Shares after the IPO.
- (3) Deemed interested by virtue of their shareholdings in Ean Yong & Sons and family members' shareholdings in Orgabio Holdings.
- (4) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(i) Dr Teh Chee Ghee

Dr Teh Chee Ghee, a Malaysian, age 56, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 March 2021.

In August 1990, he graduated with a Bachelor of Accounting (Honours) from University of Malaya. He also obtained a Master of Business Administration in October 2001 and a Doctor of Philosophy in Credit Management in August 2010, both from University of Malaya. He has been a member of the Malaysian Institute of Accountants since September 1993, a member of the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants) since January 1994, a member of the Malaysian Institute of Taxation (now known as the Chartered Tax Institute of Malaysia) since March 1994, and a member of the Chartered Association of Certified Accountants (now known as the Association of Chartered Certified Accountants) since September 1996.

He began his career when he joined HRM Sdn Bhd (a company under Hanafiah Raslan & Mohamad) in April 1990 as Associate Consultant, where he assisted in providing consultancy services in relation to corporate and business expansion matters. He was transferred to Arthur Andersen HRM (Management Services) Sdn Bhd in May 1990 when Hanafiah Raslan & Mohamad and Arthur Andersen & Co merged in May 1990. Over the years, he held several positions in the company, and since November 1990, he served in the audit and business advisory division in Arthur Andersen & Co before he left in February 1994.

In February 1994, he joined CWS Washroom Services (M) Sdn Bhd (a company under CWS International AG) as Finance and Administration Manager, where he was responsible for the finance and administrative functions of the company. In September 1995, he was appointed as Regional Finance Controller (Peninsular Malaysia) of Gold Coin Feedmills (M) Sdn Bhd (a company under the Zuellig Group) after CWS Washroom Services (M) Sdn Bhd was acquired by the Zuellig Group, where he oversaw the overall finance and administrative functions of the company for Peninsular Malaysia region.

In July 1996, he left Gold Coin Feedmills (M) Sdn Bhd and joined Engtex Sdn Berhad (a subsidiary of Engtex Group Berhad, a company listed on the Main Market of Bursa Securities) in August 1996 as Group Financial Controller, a position he held until 2003, where he was responsible for financial planning and accounting functions of the company and its related companies. On top of his role as the Group Financial Controller, he was also involved in several roles during his tenure with Engtex Group Berhad. He was the Personal Assistant to the Group Managing Director since January 2000 where he assisted the Group Managing Director in the planning and coordination of all operational matters. In May 2001, he was appointed as Company Secretary of Engtex Group Berhad.

In May 2006, he resigned from all positions in Engtex Group Berhad and in June 2006, he joined TH Group Berhad (now known as TH Group Sdn Bhd), a company previously listed on the Main Board of Kuala Lumpur Stock Exchange until May 2009, as Personal Assistant to the Group Managing Director. He was responsible for assisting the Group Managing Director on overall corporate and business matters involving strategic business development and new business opportunities. He was also the Acting Chief Operating Officer of Nilai Medical Centre (owned by Asiaprise Biotech Sdn Bhd, a subsidiary of TH Group Sdn Bhd) from February 2010 to October 2010, where he took the lead on the day-to-day operations of the medical centre.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In October 2010, he left TH Group Sdn Bhd and joined TSH Resources Berhad as General Manager (Strategic Planning and Operations), where he was responsible for reviewing the feasibility of potential projects and investment opportunities, undertaking due diligence audits on projects and presenting findings to the Board of Directors, as well as implementing and monitoring the progress of approved projects.

In October 2012, he left the corporate sector and joined the School of Business of Monash University Malaysia as Senior Lecturer, until January 2022. He mainly lectures in the field of accounting and finance. Between January 2014 and February 2016, he was appointed as the Head of Research of SERC Sdn Bhd.

Further, he also held directorships in several public listed companies in Malaysia. In July 2001, he was appointed as the Independent Non-Executive Director in Fiamma Holdings Berhad, a company listed on the Main Market of Bursa Securities, until December 2018. In March 2015, he was appointed as the Independent Non-Executive Director in Cybertowers Berhad (now known as Parlo Berhad), a company listed on the ACE Market, until May 2018.

In January 2009, he was appointed to the board of Engtex Group Berhad as Independent Non-Executive Director and in August 2018, was re-designated to Chairman – Senior Independent Non-Executive Director. He left Engtex Group Berhad in May 2021. In August 2019, he was appointed as the Independent Non-Executive Director of ACO Group Berhad, a company listed on the ACE Market, a position he presently assumes.

In June 2020, he was appointed to the board of Flexidynamic Holdings Berhad, a company listed on ACE Market of Bursa Securities, as Independent Non-Executive Chairman and resigned in January 2021. In January 2021, he was appointed to the board of K. Seng Seng Corporation Berhad, a company listed on the Main Market of Bursa Securities, as Independent Non-Executive Director, a position he presently assumes. In September 2021, he was appointed as Independent Non-Executive Director of LGMS Berhad, a position he presently assumes.

In February 2022, he was appointed as the Chief Operating Officer of Engtex Group Berhad, where he is responsible for overseeing the overall business operations.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

(ii) **Dato' Ean Yong Tin Sin**

Dato' Ean Yong Tin Sin, a Malaysian, age 71, is our Executive Deputy Chairman. He is responsible for determining the strategic direction and growth of our Group, as well as overseeing the overall business development of our Group. He was appointed to our Board on 15 March 2021.

Upon completing his Form 1 studies in 1966, he left Sekolah Menengah Kebangsaan Batu Kikir, Negeri Sembilan, and worked as a rubber tapper. In 1969, he moved to Singapore and was involved in construction works and signboard making. In 1974, he moved to Kuala Lumpur and was involved in the manufacturing of signboards. With the experience he gained in signboard making, he established Syarikat Salon Advertising, a sole proprietorship involved in manufacturing of signboards.

He dissolved Syarikat Salon Advertising in February 1978 and in July 1978, he became a Political Secretary to the then State Assembly Representative for Kajang. His responsibilities included assisting the then State Assembly Representative in various political duties and as well as building relationships with authorities, officers and to assist people in his constituency

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

to assist in resolving issues and provide the former State Assembly Representative with appropriate political advices.

He completed his political term in March 1982 when The House of Representative was dissolved and in June 1982, he established Perkhidmatan Ean Yong Tin Sin to provide general insurance agency services and typewriting services. In 1989, he ceased to operate Perkhidmatan Ean Yong Tin Sin (and was subsequently dissolved in March 1991) when he ventured into the food and beverage business with the setting up of a restaurant.

In 1993, he ceased to operate the restaurant business when he joined Hai-O Marketing Sdn Bhd as a full-time sales agent where he was involved in the sales and marketing of food products and supplements such as coffee, fibre products, slimming products and nutritional supplements. He also undertook the role of a trainer to train new sales agent. In 1997, he ceased to be a sales agent with Hai-O Marketing Sdn Bhd.

In 1998, he was appointed as Executive Director of Orgacare Pharmaceutical Sdn Bhd, where his responsibility was to oversee and manage the overall operations including production activities, and sales and marketing of traditional herbs and food supplements (e.g. tongkat ali, kicap fatimah and alfafa). He left Orgacare Pharmaceutical Sdn Bhd in 2001.

In May 2002, he incorporated Orgapharma Herbal to undertake the processing and packing of local traditional herbs and Chinese herbs. He led the development of our Group's business direction into the provision of instant beverage premix manufacturing services through the incorporation of Orgabio Manufacturing in May 2006. Over the years, Dato' Ean Yong has played a pivotal role in contributing to the growth of our Group.

From March 2008 to April 2013, he was elected as the State Assembly Representative for Lukut, Negeri Sembilan and was re-elected for the second term from May 2013 to April 2018.

Kindly refer to Section 5.2.3 for his involvement in business activity outside our Group.

(iii) Ean Yong Hien Voon

Ean Yong Hien Voon, a Malaysian, age 42, is our Executive Director / Chief Executive Officer. He is responsible for the overall business operations and execution of business strategies, and leading the planning and development of our business growth primarily within the area of digital transformation, identifying new suppliers for product development activities, and enhancing operational efficiencies through the implementation of machinery upgrade and automation. He was appointed to our Board on 15 March 2021.

In March 2002, he graduated with a Diploma in Business Studies (Major in Accounting and Finance) from New Era University College, Malaysia.

He began his career in May 2002 when he was appointed as Marketing Director of Orgapharma Herbal, where his responsibility was to assist Dato' Ean Yong Tin Sin in the development of business plans to grow the business as well as managing daily business operations such as executing customers' orders, sourcing for supplies of raw materials and spearheading quality control initiatives on manufactured products to meet international quality standards.

In May 2006 when we ventured into the provision of instant beverage premix manufacturing services, he was appointed as Marketing Director of Orgabio Manufacturing. His responsibility was to assist Dato' Ean Yong Tin Sin in the development of business plans to grow the instant beverage premix manufacturing business, managing and executing daily business operations, and spearheading the implementation of quality control initiatives to meet international

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

quality standards. He was also involved in overseeing the development and formulation of instant beverage premixes and initiated the development of our in-house brand. Further, he also headed our Group's digital transformation through the introduction of online sales channel and leveraging on digital marketing tools such as search engine optimisation, to enhance our brand presence. On January 2018, he was appointed as Chief Executive Officer of Orgabio Manufacturing and assumed his current responsibilities. On 15 March 2021, he was appointed as Executive Director / Chief Executive Officer of our Group.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

(iv) Ean Yong Hen Loen

Ean Yong Hen Loen, a Malaysian, aged 35, is our Executive Director. He is responsible for overseeing and managing our Group's overall marketing activities and product development activities including the formulation of new instant beverage premixes. He was appointed to our Board on 15 March 2021.

In June 2011, he graduated with a Bachelor of Business Administration in Banking and Cooperative Management from National Taipei University, Taiwan.

In February 2012, he began his career as a Purchasing Administrator of Orgapharma Marketing, where he is involved in purchasing raw materials and managing inventory levels as well as identifying new suppliers and building business relationships with suppliers.

In December 2013, he was promoted to Marketing Executive where he was involved in developing and executing sales and marketing strategies to expand our local presence and export markets, building relationships with customers, executing product development activities including the formulation of new instant beverage premixes. In November 2017, he was promoted to Marketing Manager and assumed his current responsibilities. On 15 March 2021, he was appointed as Executive Director of our Group.

Kindly refer to Section 5.2.3 for his involvement in other business activity outside our Group.

(v) Phang Sze Fui

Phang Sze Fui, a Malaysian, aged 50, is our Independent Non-Executive Director. She was appointed to our Board on 15 March 2021, and is also the chairman of our Audit and Risk Management Committee and member of our Remuneration Committee and Nomination Committee.

She obtained her Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in May 1997. She has been a member of The Association of Chartered Certified Accountants since November 2000, a fellow member of The Association of Chartered Certified Accountants since November 2005 and a member of the Malaysian Institute of Accountants since July 2009. Further, since September 2019, she has been an Audit Committee Member of the Institute of Internal Auditors Malaysia. In addition, she has been a member of the Institute of Corporate Directors Malaysia since November 2021.

She began her career as Accounts Executive in Seawood Trading Company in November 1992. She subsequently started working with the company on a part-time basis from 1993 when she enrolled for her tertiary studies with Tunku Abdul Rahman College. She left in January 1995 to focus her studies. During her tenure with the company, she was involved in the handling of accounting records and related administrative matters.

Upon obtaining her diploma, she returned to work in July 1997 when she joined Monteiro & Heng (now known as Baker Tilly Monteiro Heng) as Graduate Assistant, where she was

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

primarily involved in various statutory audit assignments. She was subsequently promoted to Senior Audit Manager, Associate Director of Transaction Reporting Division and Executive Director of Transaction Reporting Division in 2005, 2008 and 2011 respectively. During her tenure, she undertook various responsibilities including leading the audit team to conduct audit and special assignments, liaising with stakeholders, conducting training, ensuring compliance with auditing and accounting standards as well as regulatory requirements and expanding the growth of the Transaction Reporting Division. She left the firm in October 2015 and took a career break.

In May 2016, she joined Dolphin Applications Sdn Bhd (a subsidiary of Dolphin International Berhad, a company listed on Main Market of Bursa Securities) as Corporate Affairs Director responsible for supervising corporate exercises, handling special projects, overseeing investor relations and public relations matters, improving internal control systems and reporting structure, overseeing compliance matters and liaising with stakeholders.

She left Dolphin Applications Sdn Bhd in July 2017 to pursue her own business venture, Avia Alliance Sdn Bhd which specialises in the provision of business and accounting consultancy, a business that she is presently involved. In December 2019, she established Dynamic Aqua Evolution Sdn Bhd which specialises in aquaponic farming, a business that she is presently involved. In June 2020, she established 1Advisory Sdn Bhd which specialises in the provision of business consultancy, a business that she is presently involved.

She was appointed as Independent Non-Executive Director of Kim Teck Cheong Consolidated Berhad, SDS Group Berhad and Flexidynamic Holdings Berhad (companies listed on the ACE Market) in September 2018, September 2018 and January 2021 respectively, the positions she presently assumes. In October 2018, she was appointed as Independent Non-Executive Director of Mestron Holdings Berhad and resigned in March 2021. In February 2021, she was appointed as Independent Non-Executive Director of TUC Holdings Berhad and resigned in October 2021.

Kindly refer to Section 5.2.3 for her involvements in other business activities outside our Group.

(vi) **Dato' Magaret Ting Thien Hung**

Dato' Magaret Ting Thien Hung, a Malaysian, aged 41, is our Independent Non-Executive Director. She was appointed to our Board on 15 March 2021. She is also the chairman of our Remuneration Committee and member of our Audit and Risk Management Committee and Nomination Committee.

In July 2001, she obtained her Bachelor of Laws from University of the West of England, United Kingdom and in November 2002, she obtained her Certificate in Legal Practice. In October 2002, she joined SC Lim & Partners as a pupil. Upon completion of her pupillage in October 2003, she was admitted as Advocate and Solicitor of the High Court in Malaya and thereafter, she was appointed as legal assistant where she assisted in various legal assignments. She left SC Lim & Partners in November 2004 to join Bong & Co Advocates as a pupil. Upon completion of her pupillage in December 2005, she was admitted as Advocate and Solicitor of the High Court in Sabah and Sarawak to practice in the State of Sarawak and thereafter, she was appointed as legal assistant where she assisted in various legal assignments.

She left Bong & Co Advocates in October 2006 to set up her legal firm, Ting & Ting, where she is presently the Managing Partner and she provides conveyancing, litigation and corporate legal work.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

In September 2018, she was appointed as Independent Non-Executive Director of Sycal Ventures Berhad, a company listed on the Main Market of Bursa Securities, a position she presently assumes. In May 2021, she was appointed as Independent Non-Executive Director of Pappajack Berhad, a company listed on the ACE Market, a position she presently assumes.

Kindly refer to Section 5.2.3 for her involvements in other business activities outside our Group.

(vii) Dato' Chan Kong Yew

Dato' Chan Kong Yew, a Malaysian, age 50, is our Independent Non-Executive Director. He was appointed to our Board on 8 June 2021, and is also the chairman of our Nomination Committee and member of our Audit and Risk Management Committee and Remuneration Committee.

In August 1996, he graduated with a Bachelor of Social Science with Honours from Universiti Sains Malaysia. He has been a Chartered Member of The Chartered Institute of Logistics and Transport since December 2006.

He began his career when he joined Union-Transport Logistics (Malaysia) Sdn Bhd in March 1996 as a Management Trainee where he was involved in the day-to-day air freight and sea freight operations. He left Union-Transport Logistics (Malaysia) Sdn Bhd in November 1996 to join Target Warehouse (M) Sdn Bhd as a Warehouse Manager, where he was responsible for managing sea freight and bonded warehouse operations. He left Target Warehouse (M) Sdn Bhd in February 1997 to join TS Warehouse & Distribution Sdn Bhd as a Project Executive. He was subsequently promoted to Project Manager and Business Development Director in January 1998 and January 2000 respectively, where he was responsible for overseeing the rail transport business of the company.

In February 2003, he left TS Warehouse & Distribution Sdn Bhd and established Infinity Logistics & Transport Sdn Bhd, a company principally involved in integrated freight forwarding services, logistics and related services and railroad transportation services. He was the Managing Director and was responsible for business planning, operational development and execution of the strategic direction of the company. In May 2019, he was appointed as the Chairman / Chief Executive Officer of Infinity Logistics and Transport Ventures Limited. In January 2020, Infinity Logistics and Transport Ventures Limited, the holding company of Infinity Logistics & Transport Sdn Bhd, was listed on the Main Board of the Stock Exchange of Hong Kong Limited. He subsequently resigned as the Chairman of Infinity Logistics and Transport Ventures Limited in July 2021 but still remains as the Chief Executive Officer.

In July 2019, he was appointed as an Independent Non-Executive Director of Boustead Plantations Berhad, a company listed on the Main Market of Bursa Securities, until June 2020.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(i) Dr Teh Chee Ghee

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
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Present involvement

1. The Malaysian Institute of Certified Public Accountants	Accounting body	Council member	13 June 2015	-	-	-
2. ACO Group Berhad	Investment holding of companies involved in the distribution of electrical products and accessories	Independent Non-Executive Director	5 August 2019	-	-	-
3. K. Seng Seng Corporation Berhad	Investment holding of companies involved in the manufacturing and processing of stainless steel related products, trading of industrial hardware including marine hardware and consumables as well as engineering works, fabrication and installation of glove dipping line and trading of glove dipping line parts	Independent Non-Executive Director	4 January 2021	-	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
4. LGMS Berhad	Investment holding of companies involved in the provision of cybersecurity professional services, primarily involved in cybersecurity assessment, penetration testing, cyber risk management and compliance, and the provision of digital forensic services	Independent Non-Executive Director	21 September 2021	-	-	-
5. Engtex Group Berhad	Investment holding of companies involved in wholesale and distribution of building materials, manufacturing and distribution of steel products, hospitality as well as property development	Independent Non-Executive Director	20 January 2009	Re-designated on 30 August 2018	-	-
		Chairman – Senior Independent Non-Executive Director	30 August 2018	Retired on 27 May 2021	-	-
		Chief Operating Officer	15 February 2022	-	-	-
Past involvement						
1. Fiamma Holdings Berhad	Investment holding of companies involved in distribution of electrical home appliances, sanitaryware, kitchen, wardrobe system, medical devices and healthcare products, furniture and fittings as well as property development	Independent Non-Executive Director	4 July 2001	28 December 2018	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
2. Parlo Berhad	Investment holding of companies involved in provision of travel products and services for leisure travel, business travel, online travel booking and advertising services	Independent Non-Executive Director	20 March 2015	30 May 2018	-	-
3. Flexidynamic Holdings Berhad	Investment holding of companies involved in the design, engineering, installation and commissioning of glove chlorination systems, as well as the design and installation of storage tanks and process tanks for the glove manufacturing industry	Independent Non-Executive Chairman	9 June 2020	25 January 2021	-	-

(ii) Dato' Ean Yong Tin Sin

Company	Principal activities	Involvement / Position held	Date of appointment	% of shareholdings held (direct)	% of shareholdings held (indirect)
1. Ean Yong & Sons	Investment holding of shares in companies	Director / Shareholder	23 April 2018	31.00	*69.00

Present involvement

Note:

* Deemed interested by virtue of family members' shareholdings in Ean Yong & Sons.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(iii) Ean Yong Hien Voon

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Present involvement</u>						
1. Ean Yong & Sons	Investment holding of shares in companies	Director / Shareholder	23 April 2018	-	16.00	(¹) 84.00
2. Top Mall Sdn Bhd	Property investment holding	Director / Shareholder	9 April 2009	-	35.71	(²) 64.29
<u>Past involvement</u>						
1. Alife Network International Sdn Bhd (³)	Processing, refining, preparing and manufacturing pharmaceutical products, medicines and health supplements, preparation of traditional and Chinese herbs and herbal roots of all kinds, health food, drinks and beverages	Director / Shareholder	26 July 2007	19 March 2019	56.67	-

Notes:

- (¹) Deemed interested by virtue of family members' shareholdings in Ean Yong & Sons.
(²) Deemed interested by virtue of his mother's shareholdings in Top Mall Sdn Bhd.
(³) Alife Network International Sdn Bhd ("Alife") was a customer of our Group up to 2014. Transactions with Alife were not conducted on arm's length basis. We have ceased business relationships with Alife from 2014 onwards. Since 2014, Alife did not have any material operations.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

(iv) Ean Yong Hen Loen

Company	Principal activities	Involvement	shareholdings held (direct)	% of shareholdings held (indirect)
1. Ean Yong & Sons	Investment holding of shares in companies	Shareholder	7.00	*93.00

Note:

* Deemed interested by virtue of family members' shareholdings in Ean Yong & Sons.

(v) Phang Sze Fui

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Avia Alliance Sdn Bhd	Business management consultancy services	Director / Shareholder	18 July 2017	-	100.00	-
2. SDS Group Berhad	Investment holding of companies involved in the manufacturing and distributing of bakery products as well as operating food and beverages outlets	Independent Non-Executive Director	4 September 2018	-	-	-
3. Kim Teck Cheong Consolidated Berhad	Investment holding of companies involved in the distribution of consumer packaged goods in East Malaysia	Independent Non-Executive Director	28 September 2018	-	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
4. Dynamic Aqua Evolution Sdn Bhd	Aquaponic farming	Director / Shareholder	26 December 2019	-	50.00	-
5. 1Advisory Sdn Bhd	Provision of business consultancy	Director / Shareholder	4 June 2020	-	20.00	-
6. Flexidynamic Holdings Berhad	Investment holding of companies involved in the design, engineering, installation and commissioning of glove chlorination systems, as well as the design and installation of storage tanks and process tanks for the glove manufacturing industry	Independent Non-Executive Chairperson	25 January 2021	-	-	-

Past involvement

1. Biogas Sulpom Sdn Bhd	Manufacturer, processor and supplier of biogas	Director	14 December 2016	15 August 2017	-	-
2. Heng Hup Chiho Recycling (Malaysia) Sdn Bhd	Investment holding, export and import of metal and non-metal waste, scrap and material for recycling	Director	1 February 2019	10 May 2019	-	-
3. IWC Innovations Sdn Bhd	Wholesale of a variety of information technology products and other information technology services	Director	17 December 2018	7 January 2020	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
4. Mestron Berhad	Investment holding of companies involved in the manufacturing of steel poles and trading of outdoor lighting products	Independent Non-Executive Director	15 October 2018	9 March 2021	-	-
5. TUC Holdings Berhad	Investment holding of companies involved in supply of smart meters, manufacturing and integration of electrical systems, distribution of electrical products and other related services	Independent Non-Executive Director	8 February 2021	29 October 2021	-	-

(vi) Dato' Magaret Ting Thien Hung

Partnership / Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Messrs Ting & Ting	Legal firm	Managing Partner	6 October 2006	-	-	-
2. Pancaran Sebelas Sdn Bhd	Investment holding of 50.00% equity interest in Phytosnest Sdn Bhd	Director / Shareholder	15 August 2018	-	100.00	-
3. Binatech Pave Sdn Bhd	Investment holding in properties	Director / Shareholder	1 July 2014	-	40.00	(1) 40.00

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Partnership / Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
4. Income Path Sdn Bhd	Investment holding in properties	Director / Shareholder	28 February 2018	-	20.00	-
5. Sycal Berhad	Investment holding of companies involved in property development, contractor and operator of plant and machinery as well as manufacturing and trading of ready mix concrete	Independent and Non-Executive Director	26 September 2018	-	-	-
6. Ria Education Group Sdn Bhd	Private pre-primary education	Shareholder	22 April 2016	-	20.0	(2) 80.0
7. Nation Fleet Sdn Bhd	Investment holding in properties	Shareholder	2 December 2008	-	22.0	(3) 78.0
8. Pappajack Berhad	Investment holding of companies involved in pawnbroking services	Independent and Non-Executive Director	3 May 2021	-	-	-
<u>Past involvement</u>						
1. Global Waves Timber Sdn Bhd	Trading of timber	Director	15 June 2016	10 April 2019	-	-
2. Hijauan Muda Sdn Bhd	Investment holding in properties	Director	5 October 2018	25 October 2018	-	-
3. Phytosnest Sdn Bhd	Investment holding of shares in company and supply of seedlings of paulownia tree	Director	1 April 2019	26 April 2021	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Partnership / Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
4. Amber Dynasty Sdn Bhd	Investment holding in properties	Director	24 July 2019	22 June 2021	-	-

Notes:

(1) Deemed interested by virtue of family members' shareholdings in Binattech Pave Sdn Bhd.
(2) Deemed interested by virtue of family members' shareholdings in Ria Education Group Sdn Bhd.
(3) Deemed interested by virtue of family members' shareholdings in Nation Fleet Sdn Bhd.

(vii) Dato' Chan Kong Yew

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Pulau Indah Zone Sdn Bhd	Free Investment holding in land	Director / Shareholder	1 November 2019	-	50.0	-
2. Infinity Media Bhd	Sdn Provision of advertisement services	Director / Shareholder	20 August 2004	-	50.0	-
3. Infinity Shipping Bhd	Sdn Provision of freight forwarding, shipping services and property leasing	Director / Shareholder	25 August 2003	-	65.0	-
4. Persada Syabas Bhd	Sdn Provision of transshipment services	Director / Shareholder	14 May 2019	-	20.0	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
5. Lite Bulk Sdn Bhd	Provision of freight forwarding and logistic services	Shareholder	-	-	60.0	-
6. Infinity Sdn Bhd (formerly known as IS Freight System Sdn Bhd)	Property developer and general contractor for construction work	Shareholder	-	-	40.0	-
7. 2926 Holdings Limited	Investment holding of shares in Infinity Logistics and Transport Ventures Limited	Director / Shareholder	11 February 2019	-	63.9	-
8. Infinity Logistics and Transport Ventures Limited (Company listed on Main Board of the Stock Exchange of Hong Kong Limited)	Investment holding of companies involved in freight forwarding, shipping and transportation related services	Chairman and Chief Executive Officer / Shareholder	29 May 2019	Re-designated on 2 July 2021	-	(1)65.1
9. Bemed Tempua Sdn Bhd	Trading of pharmaceutical products	Chief Executive Officer / Shareholder	2 July 2021	-	-	-
10. Be Med Sdn Bhd	Trading of pharmaceutical products	Director	30 August 2021	-	-	-
11. Bemed (PTJ) Sdn Bhd	Trading of pharmaceutical products	Director	3 March 2022	-	-	-
12. Bemed Healthcare Sdn Bhd	Trading of pharmaceutical, medical and orthopaedic products	Director	3 March 2022	-	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
13. Bemed (ITT) Sdn Bhd	Trading of pharmaceutical products	Director	3 March 2022	-	-	-
14. Bemed Pharma Sdn Bhd	Trading of pharmaceutical products	Director	3 March 2022	-	-	-
15. Bemed Matahari Sdn Bhd	Trading of pharmaceutical products	Director	3 March 2022	-	-	-
16. Bemed Ventures Sdn Bhd	Trading of pharmaceutical products	Director	3 March 2022	-	-	-
17. Bemed Lagenda Sdn Bhd	Trading of pharmaceutical products	Director	3 March 2022	-	-	-
18. BB Boss Sdn Bhd	Trading of pharmaceutical, orthopaedic and medical products, perfumery, cosmetics and toiletries	Director	3 March 2022	-	-	-
<u>Subsidiaries of Infinity Logistics and Transport Ventures Limited</u>						
(1) Infinity Lines Sdn Bhd	Provision of freight forwarding and shipping agent services	Director	10 March 2004	-	-	(2)65.1
(2) Infinity Logistics & Transport Sdn Bhd	Provision of integrated freight forwarding and railroad transportation services, logistic centre and investment holding of companies	Director	7 November 2000	-	-	(2)65.1

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
(3) KNS Infinity Sdn Bhd	Investment holding of properties	Director	28 March 2011	-	-	(2)65.1
(4) Supply Management Bhd	Provision of freight forwarding and depot services	Director	30 September 2010	-	-	(2)65.1
(5) Infinity Bulk Logistics Sdn Bhd	Provision of flexitank solutions and bulk logistics services	Director	2 July 2018	-	-	(2)65.1
(6) Infinity Logistics & Transport Holding Sdn Bhd	Investment holding of companies involved in provision of logistic and transportation services	Director	25 January 2019	-	-	(2)65.1
(7) Infinity Flexitank Holding Sdn Bhd	Investment holding of companies involved in provision of logistic and transportation services	Director	19 February 2019	-	-	(2)65.1
(8) Optimus Solutions Sdn Bhd	Provision of freight forwarding and haulage services	Director	1 April 2019	-	-	(2)65.1
(9) Infinity Express Sdn Bhd	Provision of transportation services	Director	17 January 2022	-	-	(2)45.6

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Associates of Infinity Logistics and Transport Ventures Limited</u>						
(1) Asia Connection NP Sdn Bhd	Global Provision of depot services and trading of NP Sdn containers	Director	24 July 2017	-	-	-
(2) Ideal Dragon Sdn Bhd	Investment holding of companies involved in provision of logistic and transportation services	Director	11 March 2019	-	-	-
(3) Emirates Supply Chain Services Sdn Bhd	Provision of depot and transport handling services	Director	23 July 2020	-	-	-
<u>Past involvement</u>						
1. Andaman Sdn Bhd	Worldwide Provision of installing, supplying, repairing, and conducting of engineering works	Director	30 September 2004	17 January 2019	-	-
2. BLS Infinity Sdn Bhd	Provision of freight forwarding and logistics transportation services	Director	24 March 2003	31 December 2018	-	-
3. Abbasent Solutions Sdn Bhd	Advertising agency	Director	2 November 2015	28 August 2017	-	-
4. AWH Infinity Logistics Sdn Bhd	Provision of freight forwarding services	Director	25 June 2010	27 December 2018	-	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
5. Ho Hup Infinite Sdn Bhd	Construction of bridges, elevated highways, non-residential buildings and roads	Director	22 July 2019	28 September 2020	-	-
6. Boustead Plantations Berhad	Investment holding company and operation an oil palm plantation and investment holding of companies involved in the cultivation of oil palms, production and sale of crude palm oil and palm kernel	Director	22 July 2019	24 June 2020	-	-
7. Infinity Unlimited Sdn Bhd	Provision of freight forwarding and shipping services (Dissolved on 6 March 2019)	Director / Shareholder	24 March 2003	-	3.0	-
8. Make Development Efficacy Sdn Bhd	Architecture firm (Dissolved on 19 May 2021)	Director / Shareholder	16 April 2019	-	90.0	(3)10.0

Notes:

- (1) Deemed interested by virtue of his direct shareholding in 2926 Holdings Limited.
- (2) Deemed interested by virtue of his indirect shareholding in Infinity Logistics and Transport Ventures Limited.
- (3) Deemed interested by virtue of his family members' shareholdings in Make Arch Development Efficacy Sdn Bhd.

As at the LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Deputy Chairman and Executive Director / Chief Executive Officer in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group. The involvement of our Independent Non-Executive Directors in those business activities will not affect their contribution to our Group.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2.4 Directors' and key senior management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2020, FYE 2021 and financial year ending 2022 ("FYE 2022") are as follows:

FYE 2020	Directors' fees	Salaries	Bonuses	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors					
Dr Teh Chee Ghee	-	-	-	-	-
Phang Sze Fui	-	-	-	-	-
Dato' Magaret Ting Thien Hung	-	-	-	-	-
Dato' Chan Kong Yew	-	-	-	-	-
Executive Directors					
Dato' Ean Yong Tin Sin	-	282	34	-	316
Ean Yong Hien Voon	-	188	20	26	234
Ean Yong Hen Loen	-	101	11	-	112

FYE 2021	Directors' fees⁽¹⁾	Salaries	Bonuses	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors					
Dr Teh Chee Ghee	18	-	-	-	-
Phang Sze Fui	18	-	-	-	-
Dato' Magaret Ting Thien Hung	19	-	-	-	-
Dato' Chan Kong Yew	4 ⁽²⁾	-	-	-	-
Executive Directors					
Dato' Ean Yong Tin Sin	-	327	34	-	361
Ean Yong Hien Voon	-	207	32	89	328
Ean Yong Hen Loen	-	117	13	47	177

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Proposed for FYE 2022	Directors' fees	Salaries	Bonuses	Benefits- in-kind and allowance	Total	Amount paid from 1 July 2021 to 30 April 2022
Director	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors						
Dr Teh Chee Ghee	66	-	-	-	66	55
Phang Sze Fui	60	-	-	-	60	50
Dato' Magaret Ting Thien Hung	60	-	-	-	60	50
Dato' Chan Kong Yew	60	-	-	-	60	50
Executive Directors						
Dato' Ean Yong Tin Sin	-	394	52	-	446	335
Ean Yong Hien Voon	-	273	28	99	400	341
Ean Yong Hen Loen	-	167	17	45	229	170

Notes:

- (1) Directors' fees for our Non-Executive Directors are paid from March 2021 onwards.
(2) Dato' Chan Kong Yew was appointed to our Board in June 2021.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYEs 2020, 2021 and 2022 are as follows:

FYE 2020	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
Key senior management	RM	RM	RM
Ean Yong Hien Chal	150,000-200,000	0-50,000	150,000-200,000
Ngooi Sok Ling	100,000-150,000	-	100,000-150,000
Tok Ai Mei ⁽¹⁾	-	-	-

FYE 2021	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
Key senior management	RM	RM	RM
Ean Yong Hien Chal	150,000-200,000	50,000-100,000	250,000-300,000
Ngooi Sok Ling	150,000-200,000	-	150,000-200,000
Tok Ai Mei ⁽¹⁾	50,000-100,000	-	50,000-100,000

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Proposed for FYE 2022	Remuneration band (in bands of RM50,000)			Amount paid from 1 July 2021 to 30 April 2022 RM'000	
	Key senior management	Remuneration	Benefits-in-kind		Total
		RM	RM		RM
Ean Yong Hien Chal	200,000-250,000	50,000-100,000	250,000-300,000	261	
Ngooi Sok Ling	150,000-200,000	-	150,000-200,000	166	
Tok Ai Mei	50,000-100,000	-	50,000-100,000	77	

Note:

(1) Tok Ai Mei joined our Group in September 2020.

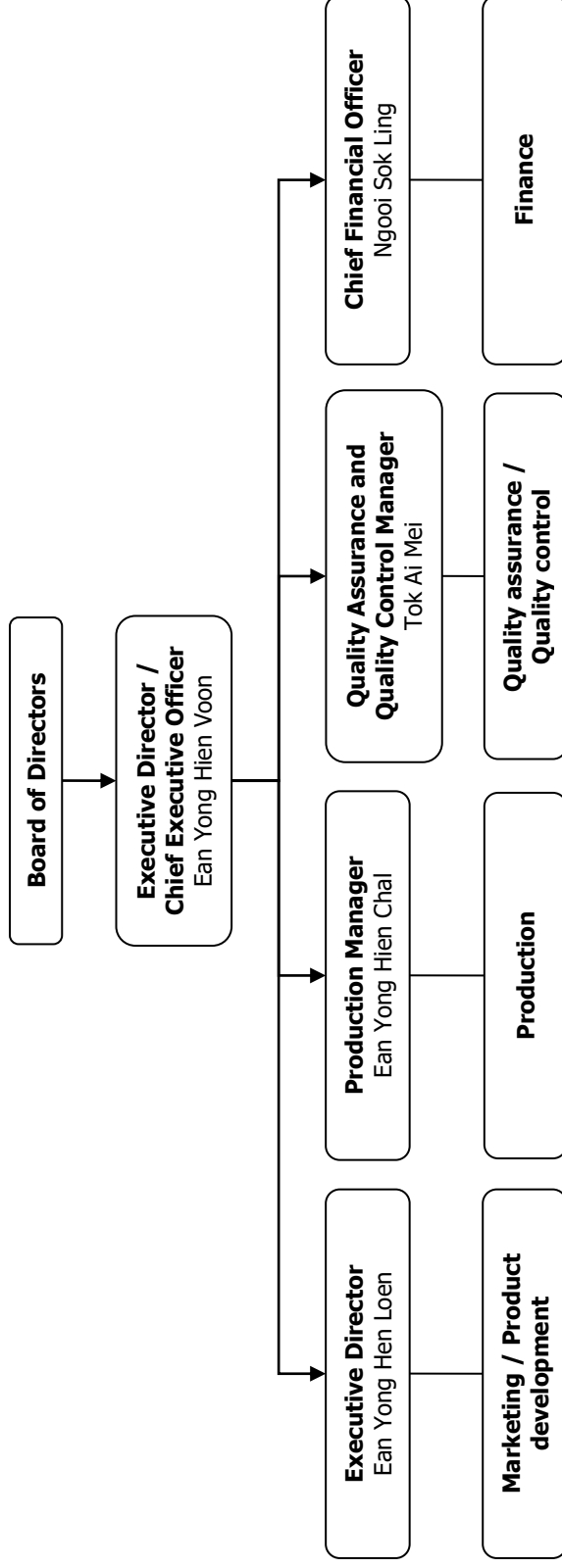
The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 14.2 for further details.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management Structure



5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.3.2 Key senior management's shareholdings

The shareholdings of our key senior management (other than Dato' Ean Yong Tin Sin, Ean Yong Hien Voon and Ean Yong Hen Loen) in our Company before and after our IPO assuming that our key senior management will fully subscribe for their entitlement under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO ⁽¹⁾		After IPO ⁽²⁾					
		Indirect		Indirect					
		No. of Shares	%	No. of Shares	%				
Ean Yong Hien Chal	Production Manager / Malaysian	-	-	(3) 151,199,998	99.99	(4) 350,000	0.14	(3) 153,449,998	61.91
Ngooi Sok Ling	Chief Financial Officer / Malaysian	-	-	-	-	(4) 150,000	0.06	-	-
Tok Ai Mei	Quality Assurance and Quality Control Manager / Malaysian	-	-	-	-	-	-	-	-

Notes:

(1) Based on the share capital of 151,200,000 Shares after the Acquisition of Subsidiaries.

(2) Based on the enlarged share capital of 247,868,000 Shares after the IPO.

(3) Deemed interested by virtue of his shareholdings in Ean Yong & Sons and family members' shareholdings in Orgabio Holdings.

(4) Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.3.3 Profiles of key senior management

The profiles of our other key senior management are as follows:

(i) Ean Yong Hien Chal

Ean Yong Hien Chal, a Malaysian, aged 40, is our Production Manager. He is responsible for overseeing our Group's overall production operations for instant beverage premixes including production schedule planning, workforce management, and upkeep of our machinery and equipment to ensure the smooth operation of our production operations.

In December 2004, he graduated with a Diploma in Electrical Technology from Feng Chia University, Taiwan.

He was appointed as Director of Orgapharma Herbal in May 2002, a position which he presently assumes. In March 2005, he began his career in Orgapharma Herbal as Production Supervisor, where he was responsible for supervising the processing and packing activities of local traditional herbs and Chinese herbs.

In May 2006, when we ventured into the provision of instant beverage premix manufacturing services, his responsibilities extended to include supervising the production operations of instant beverage premixes.

In April 2011, he was appointed as Production Manager of Orgabio Manufacturing where he assumed his current responsibilities.

Kindly refer to Section 5.3.4 for his involvement in other business activity outside our Group.

(ii) Ngooi Sok Ling

Ngooi Sok Ling, a Malaysian, aged 54, is our Chief Financial Officer. She is responsible for overseeing and managing the overall financial and accounting functions of our Group, preparing financial budgets and providing financial advice to the management for decision making as well as developing and implementing financial policies to improve the profitability of our Group.

In July 1992, she graduated with a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Malaysia. She has been a member of the Chartered Institute of Management Accountants since November 1999 and the Malaysian Institute of Accountants since March 2002.

In September 1993, she began her career in Kempar Empat Sdn Bhd as an Accounts Assistant where she assisted in the accounting functions of the company such as preparation of account receivables and account payables reports, financial reporting, and bank reconciliation and cash receipt reports.

In April 1995, she left Kempar Empat Sdn Bhd and joined Soon Hun Technologies (M) Sdn Bhd as an Assistant Accountant where she was responsible for the management of daily accounting functions of the company.

In September 1999, she left Soon Hun Technologies (M) Sdn Bhd and in October 1999, she joined Mardec Berhad, as an Accountant where she was involved in the finance and accounting functions of the company and its subsidiaries. In October 2010, she was promoted to Senior Accountant, where she led an accounting team in carrying out the finance and accounting functions of the company and its subsidiaries. She is also involved in the

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

preparation of financial analysis reports for potential investments and acquisitions. In January 2014, she was promoted to Assistant General Manager (Finance/Accounts), where her responsibilities extended to include managing corporate affairs in relation to the finance division of the company and its subsidiaries. In December 2016, she left Mardec Berhad and took a career break.

In September 2017, she joined GA Hotel Management Sdn Bhd as a Financial Controller where she oversaw the overall finance and accounting functions of the company.

In March 2018, she left GA Hotel Management Sdn Bhd and joined Goodway Rubber Industries Sdn Bhd, a wholly-owned subsidiary of Goodway Integrated Industries Berhad (a company listed on Main Market of Bursa Securities) as Group Finance Manager where she oversaw the overall finance and accounting functions of the company.

In April 2019, she left Goodway Rubber Industries Sdn Bhd and joined Orgabio Manufacturing as Group Accountant where she assumed her current responsibilities. In April 2020, she was appointed as Chief Financial Officer of our Group.

Kindly refer to Section 5.3.4 for her involvement in other business activity outside our Group.

(iii) Tok Ai Mei

Tok Ai Mei, a Malaysian, aged 42, is our Quality Assurance and Quality Control Manager. She is responsible for overseeing our Group's overall quality assurance and quality control procedures including ensuring that all our processes and manufactured products adhere to the required food quality and safety standards.

In April 2004, she graduated with a Bachelor of Science in Food Studies from University Putra Malaysia, Malaysia.

In July 2005, she began her career in FFS Foods (M) Sdn Bhd as a Food Technologist where she was responsible for ensuring compliance of premix food products with the required food hygiene and safety standards, implementing the HACCP system, and coordinating the application of HALAL Certificate of Authentication for the company.

In April 2006, she left FFS Foods (M) Sdn Bhd and joined Kilang Makanan Mamee Sdn Bhd as a Quality Control Executive where she was responsible for supervising a team of quality control assistants and to ensure that the daily operational activities of the Snacks Division (Mister Potato Chips) were carried out effectively. In March 2010, she was transferred from Factory Operations Department to Quality Assurance Department, where she was re-designated to Quality Assurance Executive.

In May 2010, she left Kilang Makanan Mamee Sdn Bhd and joined Nestlé Manufacturing (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Nestlé (Malaysia) Berhad (a company listed on Main Market of Bursa Securities) as Quality Assurance Executive, where she was responsible for supervising a team of quality control assistants and to ensure that daily operational activities were carried out effectively for the Baby Cereal Division.

In September 2010, she left Nestlé Manufacturing (Malaysia) Sdn Bhd and in October 2010, she joined Delifrance (Malaysia) Sdn Bhd as a Senior Quality Assurance/Quality Control Executive, where she was responsible for supervising the quality control and quality assurance processes of the company's baked, cooked and frozen meals. In May 2013, she left Delifrance (Malaysia) Sdn Bhd and took a career break.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

In July 2015, she joined Country Farms Sdn Bhd, a wholly-owned subsidiary of Berjaya Corporation Berhad (a company listed on Main Market of Bursa Securities) as an Assistant Quality Assurance Manager where she was responsible for overseeing the daily operations of the quality assurance department and ensuring all required quality certifications were in place. In May 2017, she left Country Farms Sdn Bhd and took another career break.

In February 2020, she joined Winepak Corporation (M) Sdn Bhd as a Quality Assurance/Quality Control Executive where she was a project coordinator responsible for assisting the company in applying for the FSSC 22000 certification.

In August 2020, she left Winepak Corporation (M) Sdn Bhd and in September 2020, she joined our Group as our Quality Assurance and Quality Control Manager where she assumed her current responsibilities.

5.3.4 Principal business performed outside our Group

Save as disclosed below, none of our key senior management (other than Dato' Ean Yong Tin Sin, Ean Yong Hien Voon and Ean Yong Hen Loen) has any other principal directorship and/or principal business activities performed outside our Group as at the LPD:

(i) Ean Yong Hien Chal

<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Present involvement</u>				
1. Ean Yong & Sons	Investment holding of shares in companies	Shareholder	13.00	*87.00

Note:

* Deemed interested by virtue of family members' shareholdings in Ean Yong & Sons.

(ii) Ngooi Sok Ling

<u>Sole proprietor</u>	<u>Principal activities</u>	<u>Involvement</u>	<u>Registration Date</u>
<u>Present involvement</u>			
1. Abundance Artistry*	Provision of art class coaching	Sole proprietor	18 December 2012

Note:

* Ngooi Sok Ling's involvement in Abundance Artistry is during non-working hours/days and does not affect her contribution to our Group.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

(iii) Tok Ai Mei

<u>Sole proprietor</u>	<u>Principal activities</u>	<u>Involvement</u>	<u>Registration Date</u>	<u>Dissolution Date</u>
<u>Past involvement</u>				
1. Enen Enterprise	Sale of Tupperware brands products	Sole proprietor	11 July 2017	11 December 2020

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their roles and responsibilities to our Group.

5.4 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoter, substantial shareholders, Directors and key senior management:

- (i) Dato' Ean Yong Tin Sin and Datin Lai You Mooi are husband and wife;
- (ii) Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew are siblings and children of Dato' Ean Yong Tin Sin and Datin Lai You Mooi; and
- (iii) Dato' Ean Yong Tin Sin, Datin Lai You Mooi, Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew are shareholders of Ean Yong & Sons, our Promoter.

5.5 BOARD PRACTICE

5.5.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (i) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (ii) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (iii) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (iv) To ensure that our Group has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;
- (v) To review the effectiveness and implementation of anti-bribery and anti-corruption policy and framework;

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

- (vi) To review and approve our Group's annual business plans, financial statements and annual reports;
- (vii) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (viii) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

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

Name	Date of appointment as Director	of as	Date of expiration of the current term in office	Approximate no of years in office as at the LPD
Dr Teh Chee Ghee	15 March 2021		At the next Annual General Meeting of our Company to be held in year 2024	1 year 2 months
Dato' Ean Yong Tin Sin	15 March 2021		At the next Annual General Meeting of our Company to be held in year 2024	1 year 2 months
Ean Yong Hien Voon	15 March 2021		At the next Annual General Meeting of our Company to be held in year 2023	1 year 2 months
Ean Yong Hen Loen	15 March 2021		At the next Annual General Meeting of our Company to be held in year 2022	1 year 2 months
Phang Sze Fui	15 March 2021		At the next Annual General Meeting of our Company to be held in year 2022	1 year 2 months
Dato' Magaret Ting Thien Hung	15 March 2021		At the next Annual General Meeting of our Company to be held in year 2023	1 year 2 months
Dato' Chan Kong Yew	8 June 2021		At the next Annual General Meeting of our Company to be held in year 2024	Less than 1 year

In accordance with our Constitution, any Director appointed during the year shall hold office until the next following annual general meeting, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once 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 retires. An election of directors shall take place each year.

The members of our Board are set out in Sections 1 and 5.2.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.5.2 Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's financial reporting matters and risk management. Our Audit and Risk Management Committee has full access to all information and documents/ resources as well as to the internal and external auditors and key senior management of our Company and Group. The Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To review the engagement, compensation, performance, qualification and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (ii) To review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from our audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iii) To conduct periodic review of the involvements of our Managing Director and Executive Directors in the companies outside of our Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within our Group;
- (iv) To review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation that may arise within our Group to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group;
- (v) To oversee and recommend the risk management policies and procedures of our Group;
- (vi) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
- (vii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (viii) To set reporting guidelines for our Management to report to the committee on the effectiveness of our Group's management of its business risks;
- (ix) To review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks;
- (x) To review the adequacy of our Management's response to issues identified to risk registers, ensuring that our risks are managed within our Group's risk appetite;
- (xi) To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs;

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (xii) To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds our Group's credibility to all our stakeholders;
- (xiii) To consider the major findings of internal investigations and our Management's response;
- (xiv) To do the following, in relation to the internal audit function:
 - (a) consider and approve the appointment of internal auditors, internal audit fee and any question of resignation or dismissal;
 - (b) review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (c) review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors;
 - (d) consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings;
 - (e) review and decide on the budget allocated to the internal audit function;
 - (f) appraise or assess the performance of members of the internal audit function; and
 - (g) monitor the overall performance of our Company's internal audit function.
- (xv) To perform such other functions as may be requested by our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Phang Sze Fui	Chairman	Independent Non-Executive Director
Dato' Chan Kong Yew	Member	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director

Our Nomination Committee and Board will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.5.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To establish and recommend to our Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by our Company and/or our Group;
- (ii) To review and recommend to our Board the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting; and
- (iii) To consider other remunerations or rewards to retain and attract Directors and key senior management.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Dato' Magaret Ting Thien Hung	Chairman	Independent Non-Executive Director
Dato' Chan Kong Yew	Member	Independent Non-Executive Director
Phang Sze Fui	Member	Independent Non-Executive Director

5.5.4 Nomination Committee

The Nomination Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To review the composition and size of our Board and determine the criteria for membership on our Board, which may include, among other criteria, issues of character, judgment, independence, diversity, age, expertise, corporate experience, length of service and other commitments;
- (ii) To identify, consider and select, or recommend for the selection of our Board, candidates to fill new positions or vacancies on our Board, and review any candidates recommended by stockholders, provided that such recommendations are submitted in writing to the Secretary of our Company, and include, among other things, the recommended candidate's name, biographical data and qualifications, and that such recommendations are otherwise made in compliance with our Company's Constitution and its shareholder nominations and recommendations policy;
- (iii) To identify and nominate for the approval of our Board, candidates to fill Board vacancies or strengthen our Board's composition as and when they arise. Before any appointment is made by our Board, evaluate the balance of skills, knowledge, experience and diversity on our Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (iv) To assist our Board to assess and evaluate circumstances where a Director involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same from our Director and thereafter, to inform the Audit and Risk Management Committee of the same. After deliberation with the Audit and Risk Management Committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest;
- (v) In identifying suitable candidates, the Nomination Committee shall:
 - (a) consider open advertising or the services of external advisers to facilitate the search;
 - (b) consider candidates from a wide range of backgrounds; and
 - (c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on our Board, including gender and availability of time to devote to the position.
- (vi) To evaluate the performance of individual members of our Board eligible for re-election, and select, or recommend for the selection of our Board, the director nominees for election to our Board by the stockholders at the annual meeting;
- (vii) To assess the independence of the Independent Directors annually, and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of our Company and in any notice convening a general meeting seeking approval for the appointment or re-appointment of Independent Directors;
- (viii) To review the fulfilment of Directors' training and disclose details in the annual report as appropriate;
- (ix) To review with the Managing Director and the Executive Director, their goals and objectives and to assess their performance against these objective as well as their contribution to the corporate strategy;
- (x) To give full consideration to succession planning for Directors and key senior management, taking into account the challenges and opportunities faced by our Company, and the required skills and expertise that are needed by our Board in future;
- (xi) To review periodically the composition of each committee of our Board and make recommendations to our Board for the creation of additional committees or the change in mandate or dissolution of committees; and
- (xii) To review the term of office and performance of all our Board Committees, particularly the Audit and Risk Management Committee and each of its members annually to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

The recommendations of our Nomination Committee are subject to the approval of our Board.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

The members of our Nomination Committee as at the LPD are as follows:

Name	Designation	Directorship
Dato' Chan Kong Yew	Chairman	Independent Non-Executive Director
Phang Sze Fui	Member	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key senior management personnel.

5.7 DECLARATION FROM PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoter, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or a 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 and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his 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 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) Has any unsatisfied judgment against such person.

6. INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Our history can be traced back to 2002 when Orgapharma Herbal was incorporated on 31 May 2002 by Dato' Ean Yong Tin Sin, Ean Yong Hien Voon and Ean Yong Hien Chal. With the experience that Dato' Ean Yong Tin Sin gained over the years from his past working experience in the sale of traditional herbs and food supplements, he established Orgapharma Herbal for the processing and packing of local traditional herbs and Chinese herbs for domestic sales. We commenced our operations from a rented factory lot in Bandar Teknologi, Kajang in 2002.

On 9 June 2003, Orgapharma Marketing was incorporated to carry out the trading of local traditional herbs, Chinese herbs and body care products. In 2004, due to our business expansion, we rented another factory within the same area in Bandar Teknologi, Kajang to undertake increased manufacturing activities and for warehousing purposes for the provision of processing, packing and trading of local traditional herbs, Chinese herbs and body care products.

In 2005, to cater to our customer's request and from our knowledge in the processing and packing of local traditional herbs and Chinese herbs, our Group decided to venture into the provision of instant beverage premix manufacturing services for third party brand owners. In view of this, we purchased a factory and rented another 2 units of factory lots within the same area in Bandar Teknologi, Kajang to undertake manufacturing activities and for warehousing purposes.

In 2006, we commenced the manufacturing of instant beverage premixes when we secured our first customer for our instant beverage premix manufacturing services namely Amway (M) Sdn Bhd. We also secured our first export sales for instant beverage premix manufacturing services, through Amway (Singapore) Pte Ltd, to Singapore. Subsequently on 10 May 2006, we incorporated Orgabio Manufacturing to undertake all activities pertaining to our instant beverage premix manufacturing business.

Between 2007 and 2008, we continued to secure more customers and among our notable customers in Malaysia included Lotuss Stores (Malaysia) Sdn Bhd (formerly known as Tesco Stores (Malaysia) Sdn Bhd), Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd (formerly known as Tunas Duta Cemerlang Sdn Bhd), in which they were amongst our major customers in the past 4 FYEs 2018 to 2021 and FPE 2022.

In 2008, we ventured into the provision of food supplement premix manufacturing services for third party brand owners when we secured our first customer for our food supplement premix manufacturing services, namely TDC Avenue Sdn Bhd.

As part of our Group's value-added services to our customers in catering to the Muslim market, we had in 2009 obtained the Certificate of Authentication HALAL ("Halal certification") from Jabatan Kemajuan Islam Malaysia ("JAKIM"). This certifies that our factory and manufacturing processes are in compliance with the Halal requirements, thus enabling us to manufacture Halal certified products for our customers.

In view of our expanding customer base and our positive growth prospects, in October 2010, we purchased a factory building with a total land area of 57,619 sq ft, comprising approximately 31,894.27 sq ft of total built-up area (i.e. 9,848.96 sq ft of manufacturing area, 15,265.89 sq ft of warehouse area and 6,779.42 sq ft of office area), in Beranang, Selangor (Beranang Factory).

6. INFORMATION ON OUR GROUP (Cont'd)

In 2012, we completed the relocation of our entire operations to our Beranang Factory and subsequently ceased the rental of all 4 units of factory lots as well as disposed the purchased factory lot. Upon relocation, we gradually ceased our business in processing, packing and trading of local traditional herbs and Chinese herbs, and focused on the manufacturing of instant beverage premixes.

In 2016, we introduced our house brand of instant beverage premixes under the brand name *EveryDay*. Subsequently on 2 March 2016, we incorporated Everyday F&B to undertake the sales and marketing activities of coffee premix and tea premix under our *EveryDay* brand.

As our business continued expanding, our Group made a decision to focus on enhancing the efficiency of our manufacturing facility. Hence, in October 2017, we completed the purchase of a freehold industrial land measuring approximately 87,123 sq ft in Semenyih, Selangor (Semenyih Land) for the purpose of constructing a new factory to achieve our plan of enhancing the efficiency of our manufacturing facility. Further details on our construction plans are set out in Section 6.19.1.

In 2019, we introduced another house brand of instant beverage premixes under the brand name *BrogaHill*, comprising coffee premixes and tea premixes in traditional local flavours which include "Malaysia Kopi O Kosong", "Malaysia White Coffee" and "Malaysia Teh Tarik". In the same year, we registered our manufacturing facility with the United States Food and Drug Administration ("US FDA"), thus allowing us to export our instant beverage premixes to the USA.

Over the years, we received several food quality and safety certificates as testaments to our conformity to food quality and safety management systems in the manufacturing of instant beverage premixes. The certificates include Good Manufacturing Practice (GMP) Certificate, Makanan Selamat Tanggungjawab Industri (MeSTI) Certificate and Hazard Analysis and Critical Control Point Certificate (HACCP) from the Ministry of Health Malaysia (MOH) and Food Safety System Certification (FSSC) 22000 from Intertek Certification Limited, details are set out in Section 6.18.

Over the years, we have gained extensive experience in the formulation and manufacturing of instant beverage premixes, as well as in-depth insights on various blends, taste profiles and preferences specific to different consumers, which have enabled us to formulate instant beverage premixes based on our customers' target markets and the target markets of our house brands. With that, we have secured various notable customers in Malaysia for our instant beverage premix manufacturing services such as Econsave Cash & Carry Sdn Bhd, Aeon Topvalu Malaysia Sdn Bhd, GCH Retail (M) Sdn Bhd and Y.S.P. Industries (M) Sdn Bhd, and have continued to retain Lotuss Stores (Malaysia) Sdn Bhd, Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd as our customers. Further, since our first export in 2006, our Group has continued to secure exports to various other countries such as Australia, China, Hong Kong, India, Japan, Myanmar, Papua New Guinea, Russia, Taiwan, Singapore, Trinidad and Tobago, and United Arab Emirates.

Leveraging on the experience and insights, our Group has demonstrated competitiveness in the industry as our revenue increased in the FYE 2020, notwithstanding the challenging times during the COVID-19 pandemic. Further, under our house brands, our Group is targeting specific customer segments, with the launching of low GI Coffee which is suitable for diabetic patients, as well as traditional Malaysian flavours of instant beverage premixes.

On 22 March 2021, our Company and Hai-O Enterprise Berhad entered into the Cornerstone Investment Agreement (which was varied via the exchange of letters dated 15 September 2021 and 15 April 2022) wherein Hai-O Enterprise Berhad has agreed to subscribe for 24,786,800 IPO Shares at the IPO Price. Kindly refer to Section 6.16(iv) for further details.

6. INFORMATION ON OUR GROUP (Cont'd)**6.1.1 Share capital**

As at LPD, our share capital is RM15,120,001.80 comprising 151,200,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration	Cumulative share capital
		RM	RM
2 May 2018	2	2.00	2
28 August 2021	151,199,998	15,119,999.80	15,120,001.80

6.2 OUR GROUP STRUCTURE

To formalise our listing group in preparation of our Listing, we undertook the following transactions:

6.2.1 Pre-IPO changes in our subsidiaries' shareholdings**(i) Orgabio Manufacturing**

Prior to 9 November 2020, the shareholders of Orgabio Manufacturing were as follows:

Shareholders	No. of shares	%
Dato' Ean Yong Tin Sin	152,754	76.38
Ean Yong Hien Voon	11,910	5.95
Ean Yong Hien Chal	9,924	4.96
Ean Yong Han Khian	14,177	7.09
Ean Yong Hen Loen	11,235	5.62
	200,000	100.00

On 9 November 2020, Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian and Ean Yong Hen Loen entered into an agreement to dispose 100% equity interest in Orgabio Manufacturing to Ean Yong & Sons for a total disposal consideration of RM11,133,700. The disposal consideration was satisfied via issuance of 111,337 ordinary shares in Ean Yong & Sons to the vendors of Orgabio Manufacturing at the issue price of RM100.00 per share. The total disposal consideration was arrived after taking into consideration the audited NA of Orgabio Manufacturing as at 30 June 2019 of RM11,133,613.

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6. INFORMATION ON OUR GROUP (Cont'd)**(ii) Orgapharma Herbal**

Prior to 9 November 2020, the shareholders of Orgapharma Herbal were as follows:

<u>Shareholders</u>	<u>No. of shares</u>	<u>%</u>
Dato' Ean Yong Tin Sin	299,160	85.47
Ean Yong Hien Voon	21,282	6.08
Ean Yong Hien Chal	17,735	5.07
Ean Yong Sik Siew	11,823	3.38
	350,000	100.00

On 9 November 2020, Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hien Chal and Ean Yong Sik Siew entered into an agreement to dispose 100% equity interest in Orgapharma Herbal to Ean Yong & Sons for a total disposal consideration of RM350,000. The disposal consideration was satisfied via issuance of 3,500 ordinary shares in Ean Yong & Sons to the vendors of Orgapharma Herbal at the issue price of RM100.00 per share.

As at 30 June 2019, Orgapharma Herbal has an audited net liability position of RM774,811. In view of this, the total disposal consideration was arrived based on its issued share capital as at 30 June 2019 of RM350,000, being the initial investments made by the shareholders of Orgapharma Herbal. The said disposal consideration of RM350,000 was not based on fair value and was not undertaken on arm's length basis.

(iii) Orgapharma Marketing

Prior to 9 November 2020, the shareholders of Orgapharma Marketing were as follows:

<u>Shareholders</u>	<u>No. of shares</u>	<u>%</u>
Dato' Ean Yong Tin Sin	245,549	81.85
Ean Yong Hien Voon	18,008	6.00
Ean Yong Hien Chal	15,007	5.00
Ean Yong Han Khian	21,439	7.15
	300,003	100.00

On 9 November 2020, Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hien Chal and Ean Yong Han Khian entered into an agreement to dispose 100% equity interest in Orgapharma Marketing to Ean Yong & Sons for a total disposal consideration of RM4,107,700. The disposal consideration was satisfied via issuance of 41,077 ordinary shares in Ean Yong & Sons to the vendors of Orgapharma Marketing at the issue price of RM100.00 per share. The total disposal consideration was arrived after taking into consideration the audited NA of Orgapharma Marketing as at 30 June 2019 of RM4,107,645.

6. INFORMATION ON OUR GROUP (Cont'd)**(iv) Everyday F&B**

Prior to 9 November 2020, the shareholders of Everyday F&B were as follows:

<u>Shareholders</u>	<u>No. of shares</u>	<u>%</u>
Ean Yong Hien Voon	83,499	99.99
Ean Yong Hen Loen	1	0.01
	83,500	100.00

On 9 November 2020, Ean Yong Hien Voon and Ean Yong Hen Loen entered into an agreement to dispose 100% equity interest in Everyday F&B to Ean Yong & Sons for a total disposal consideration of RM3,900. The disposal consideration was satisfied via issuance of 39 ordinary shares in Ean Yong & Sons to the vendors of Everyday F&B at the issue price of RM100.00 per share. The total disposal consideration was arrived after taking into consideration the audited NA of Everyday F&B as at 30 June 2019 of RM3,851.

Resulting from the above, Orgabio Manufacturing, Orgapharma Herbal, Orgapharma Marketing and Everyday F&B became wholly-owned subsidiaries of Ean Yong & Sons.

6.2.2 Acquisition of Subsidiaries

In preparation for our Listing, we undertook the Acquisition of Subsidiaries. On 12 March 2021, we entered into a conditional share sale agreement with Ean Yong & Sons to acquire the entire equity interest in Orgabio Manufacturing, Orgapharma Herbal, Orgapharma Marketing and Everyday F&B for a total purchase consideration of RM15,119,999.80.

The total purchase consideration of RM15,119,999.80 for the Acquisition of Subsidiaries was arrived at after taking into consideration the combined audited NA/(net liabilities) of the Subsidiaries as at 30 June 2020 amounting to RM15,120,347, as follows:

<u>Subsidiaries</u>	<u>NA/(Net liabilities) (RM)</u>
Orgabio Manufacturing	11,893,119
Orgapharma Herbal	(728,625)
Orgapharma Marketing	3,903,538
Everyday F&B	52,315
Combined NA	15,120,347

The purchase consideration for the Acquisition of Subsidiaries was satisfied by the issuance of 151,199,998 new Shares to Ean Yong & Sons at an issue price of RM0.10 per share.

The Acquisition of Subsidiaries was completed on 28 August 2021. Thereafter, Orgabio Manufacturing, Orgapharma Herbal, Orgapharma Marketing and Everyday F&B became our wholly-owned subsidiaries.

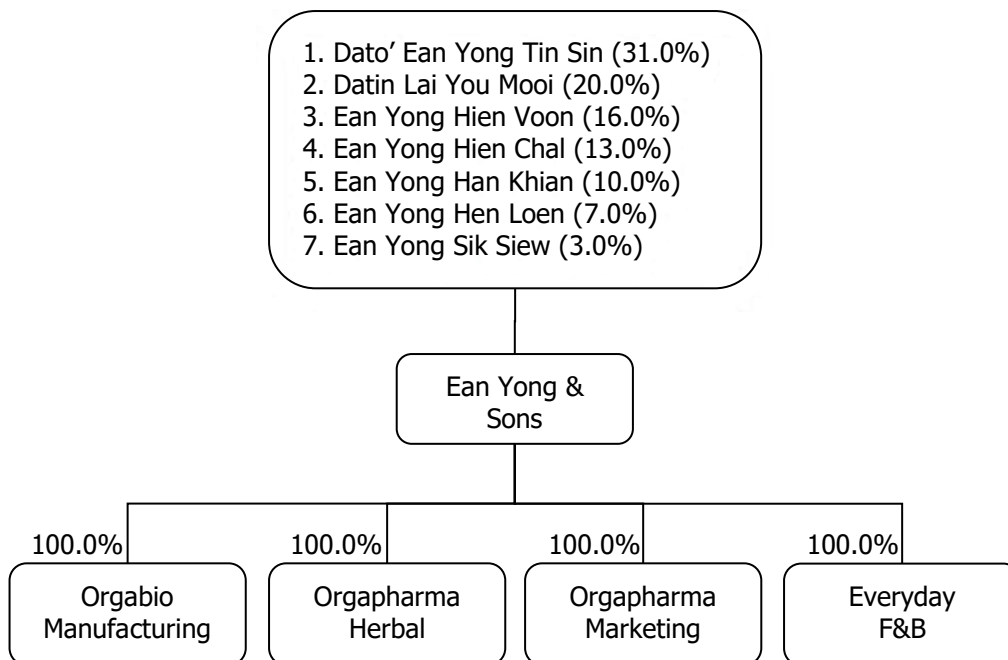
The new Shares issued pursuant to the Acquisition of Subsidiaries rank equally in all respects with our existing Shares.

6. INFORMATION ON OUR GROUP (Cont'd)

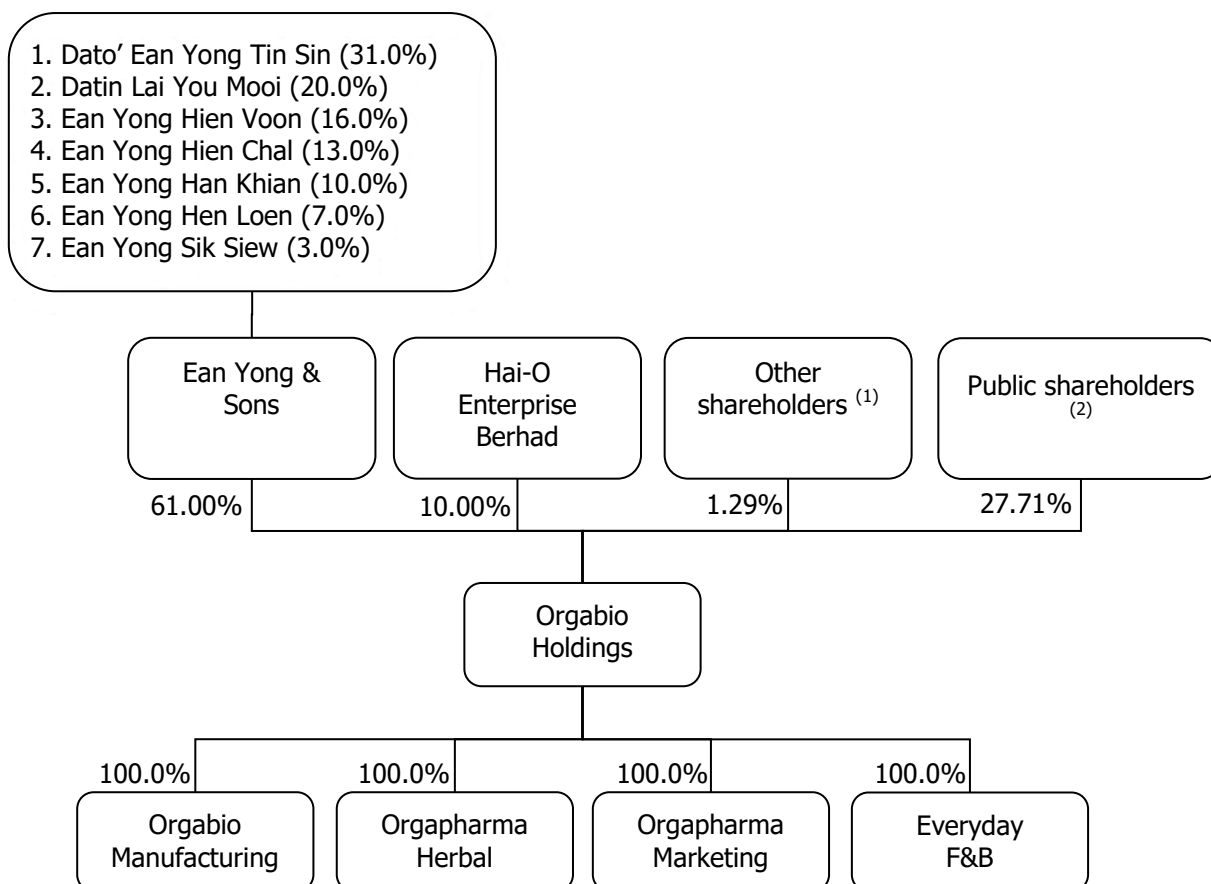
6.2.3 Our Group structure

Our Group structure as at the LPD and after the Listing is set out below:

(i) As at the LPD



(ii) After the Public Issue



6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Comprising Pink Form Allocations to our eligible Directors, key senior management and employees who are family members of our Directors. These shareholders are not deemed as public shareholders. Further details of our Pink Form Allocations are set out in Section 4.4.2.
- (2) Comprising the Malaysian Public, selected Bumiputera investors approved by MITI and selected investors as set out in Sections 4.4.1(i) and 4.4.1(iii)(a)(b) and Pink Form Allocations to our eligible employees (who are not family members of our Directors) as well as persons who have contributed to the success of our Group as set out in Section 4.4.2. These shareholders are deemed as public shareholders.

6.3 SUBSIDIARIES

As at the LPD, we have 4 subsidiaries and we do not have any associated companies. Details of our subsidiaries are set out below:

Company	Registration No. (Company No.)	Date / Place of incorporation	Principal of place of business	Effective of equity interest	Principal activities
				%	
Orgabio Manufacturing	200601013445 (733196-H)	10 May 2006 / Malaysia	Malaysia	100.0	Instant beverage premix manufacturing activities for third party brands and house brands comprising instant coffee, tea, chocolate and food supplement premixes, as well as undertaking local and export sale of instant beverage premixes
Orgapharma Herbal	200201014012 (581675-P)	31 May 2002 / Malaysia	Malaysia	100.0	Property investment holding
Orgapharma Marketing	200301015368 (617788-X)	9 June 2003 / Malaysia	Malaysia	100.0	Local sale of instant beverage premixes as well as sale of body care products
Everyday F&B	201601006893 (1177821-P)	2 March 2016 / Malaysia	Malaysia	100.0	Local and export sale of coffee premixes and house brands instant beverage premixes, namely <i>EveryDay</i> and <i>BrogaHill</i>

6. INFORMATION ON OUR GROUP (Cont'd)**6.4 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, there were no other material investment made by us for the past 4 FYEs 2018 to 2021, FPE 2022 and up to the LPD:

Description	FYE	FYE	FYE	FYE	FPE	Up to
	2018	2019	2020	2021	2022	the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:						
Freehold buildings	(1) 329	30	-	-	-	-
Capital work-in-progress (2)	91	177	259	422	97	133
Right-of-use assets (3)	378	672	553	467	1,459	-
Plant and machineries (4)	125	579	350	755	1,582	598
Furniture, fittings, office equipment, tool equipment and electrical installation	49	170	51	152	107	90
Renovation works	(5) 392	95	-	62	-	-
Computers and software	15	-	-	-	-	16
Motor vehicle	-	-	-	(6) 140	-	-
Investment properties comprising:						
Freehold land and buildings	(7) 8,545	-	-	-	-	-
Capital work-in-progress	(8) 75	-	-	-	-	-
	9,999	1,723	1,213	1,998	3,245	837

Notes:

- (1) Acquisition of 1 unit of terrace house (No. 29) used as workers' hostel during FYE 2018. Kindly refer to Section 6.17.1(v) for further details.
- (2) Capital work-in-progress:
- (i) FYE 2018 – progress payment for 2 units of factories of RM0.09 million which we acquired for use as warehouses. Kindly refer to Sections 6.17.1(vii) and (viii) for further details;
- (ii) FYE 2019 – progress payment for enterprise resource planning software (RM0.05 million) and installation of air condition ducting for Beranang Factory (RM0.13 million);
- (iii) FYE 2020 – progress payment for enterprise resource planning software (RM0.04 million), installation of air condition ducting for Beranang Factory (RM0.08 million) and deposit paid for 1 unit of terrace house used as workers' hostels (RM0.14 million);
- (iv) FYE 2021 – progress payment for enterprise resource planning software (RM0.05 million), final progress claim for 1 unit of terrace house used as workers' hostels (RM0.20 million), professional cost in relation to the construction of new factory on Semenyih Land (RM0.13 million), parts and components of machinery (RM0.02 million) and deposit paid for 1 unit of conveying machine (RM0.02 million);

6. INFORMATION ON OUR GROUP (Cont'd)

- (v) FPE 2022 – Professional cost in relation to the construction of new factory on Semenyih Land (RM0.05 million), deposit paid for 1 unit of conveying machine (RM0.03 million) and progress payment for enterprise resource planning software (RM0.02 million); and
 - (vi) LPD – Professional cost in relation to the construction of new factory on Semenyih Land (RM0.11 million), deposit paid for 1 unit of conveying machine (RM0.01 million) and progress payment for enterprise resource planning software (RM0.01 million).
- (3) Right-of-use assets resulting from the application on the MFRS 16 for leases entered into by our Group for tenure of more than 1 year as follows:
- (i) FYE 2018 – purchase of 2 units of passenger cars (totalling RM0.36 million) under finance lease as well as rental of 2 units of terrace houses used as workers' hostels (totalling RM0.02 million). Kindly refer to Sections 6.17.2 for further details;
 - (ii) FYE 2019 – purchase of 1 unit of filling machine (RM0.53 million) and 1 unit of pick-up truck (RM0.14 million) under finance lease;
 - (iii) FYE 2020 – purchase of 1 unit of filling machine (RM0.53 million) under finance lease as well as rental of 2 units of terrace houses used as workers' hostels (totalling RM0.02 million). Kindly refer to Sections 6.17.2 for further details;
 - (iv) FYE 2021 – purchase of 1 unit of passenger car under finance lease; and
 - (v) FPE 2022 – purchase of 1 unit of filling machine (RM1.38 million) under finance lease and rental of 1 unit of three storey shoplot used as warehouse (totalling RM0.08 million).
- (4) Plant and machineries:
- (i) FYE 2018 – purchase of 1 unit of folding machine (RM0.06 million) and 1 unit of wrapping machine (RM0.06 million);
 - (ii) FYE 2019 – purchase of 3 units of mixers (RM0.13 million), 1 unit of sealing machine (RM0.04 million), 1 unit of forklift (RM0.05 million), 7 units of coding machines (RM0.12 million) and parts and components of machinery (RM0.24 million);
 - (iii) FYE 2020 – purchase of 2 units of coding machines (RM0.07 million), 3 units of mixers (RM0.17 million), 1 unit of wrapping machine (RM0.03 million), 1 unit of high-speed crushing machine (RM0.02 million) and parts and components of machinery (RM0.06 million);
 - (iv) FYE 2021 – purchase of 1 unit of check-weigher machine (RM0.05 million), 1 unit of folding machine (RM0.04 million), 2 units of conveying machines (RM0.04 million), 3 units of sealing machines (RM0.02 million), 3 units of coding machines (RM0.06 million), 1 unit of filling machine (RM0.45 million), parts and components of machinery (RM0.09 million);
 - (v) FPE 2022 – purchase of 2 units of filling machines (RM1.01 million), 2 units of sealing machines (RM0.06 million), 2 units of coding machines (RM0.02

6. INFORMATION ON OUR GROUP (Cont'd)

million), 4 units of check-weigher machines (RM0.11 million), 1 unit of folding machine (RM0.25 million), 1 unit of mixer (RM0.06 million) and 5 units of conveying machines (RM0.07 million); and

(vi) LPD – purchase of 1 unit of filling machine (RM0.42 million), 1 unit of forklift (RM0.06 million), 2 units of folding machines (RM0.06 million), 3 units of coding machines (RM0.03 million) and 2 units of conveying machine (RM0.02 million).

- (5) Renovation works carried out on our Beranang Factory in FYE 2018.
- (6) Purchase of 1 unit of passenger car in FYE 2021 for sales and marketing activities.
- (7) Acquisition of the Semenyih Land and related transaction cost. Kindly refer to Section 6.17.1(ii) for further details.
- (8) Progress payment for the acquisition of 1 unit of shop lot for investment purposes. Kindly refer to Section 6.17.1(ix) for further details.

The above material investments were primarily financed by a combination of lease liabilities, term loans and internally generated funds.

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past 4 FYEs 2018 to 2021, FPE 2022 and up to the LPD:

Description	FYE	FYE	FYE	FYE	FPE	Up to
	2018	2019	2020	2021	2022	the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:						
Right-of-use assets ⁽¹⁾	172	96	-	-	-	-
Plant and machineries ⁽²⁾	-	-	-	174	8	-
Furniture and fittings, office equipment and tool equipment	-	-	-	63	-	6
Computers and software	-	-	-	13	-	-

Notes:

- (1) Comprising disposal of the following:
- (i) FYE 2018 – write-off of 1 unit of passenger car that was damaged in an accident; and
- (ii) FYE 2019 – disposal of 1 unit of passenger car to a non-related party.
- (2) Plant and machineries:
- (i) FYE 2021 – write-off of 1 unit of filling machine of RM0.17 million in FYE 2021 which was obsolete and is no longer functioning; and
- (ii) FPE 2022 – disposal of 4 units of filling machines to a non-related party. These units are smaller in size and has a lower capacity. As such, we are phasing out these smaller sized units and have replaced these units with filling machines with larger capacity.

6. INFORMATION ON OUR GROUP (Cont'd)

Kindly refer to Section 11.6.1 for details of our material capital commitments as at the LPD.

6.5 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were:

- (i) No public take-over offers by third parties in respect of our Shares; and
- (ii) No public take-over offers by our Company in respect of other companies' shares.

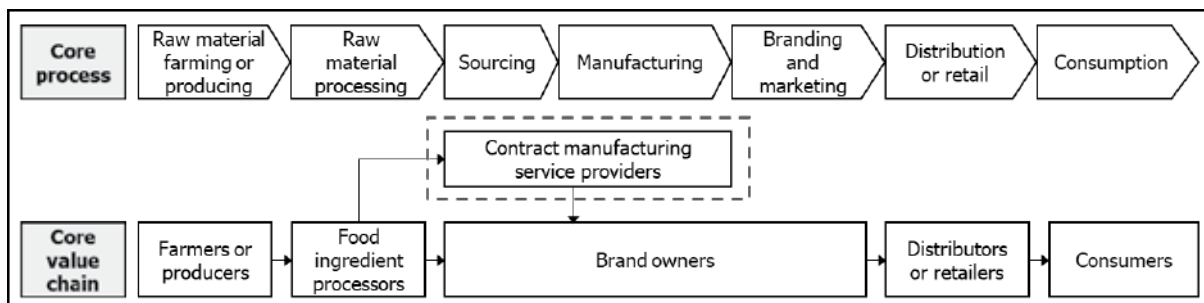
As at LPD, we have not identified any other companies' shares for acquisition.

6.6 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

Orgabio Holdings is an investment holding company and through our subsidiaries, we are principally involved in the provision of instant beverage premix manufacturing services to third party brand owners and manufacturing, sales and marketing of house brand instant beverage premixes.

(i) Provision of instant beverage premix manufacturing services to third party brand owners

Through Orgabio Manufacturing, we are principally involved in the provision of manufacturing services for instant beverage premixes, for third party brand owners, involving processes of formulating, blending and packing of a variety of instant beverage premixes. We typically provide instant beverage premix manufacturing services to our customers on a contract manufacturing basis.



Note: [---] denotes the key segment in which our Group is principally involved in
Source: IMR Report

Instant beverage premix exists in the form of dry, water-soluble powder, which upon mixing with water, turns into a beverage. The dry, water-soluble powder typically comprises a combination of a base (e.g. coffee powder, tea powder and/or cocoa powder), and flavour and taste enhancing ingredients (e.g. creamer powder and sweetener). Instant beverage premixes are usually packaged in single-serve retail packs such as sachets. As the ingredients have been proportionately measured in each serving, it provides the convenience to consumers for instant consumption due to its quick and easy preparation, and portable size. Further, instant beverage premixes are offered in a large variety of flavours at various price points, and thus catering to the various taste and pricing preferences of a wide group of consumers.

Source: IMR Report

6. INFORMATION ON OUR GROUP (Cont'd)

Leveraging on our experience and understanding of the industry, we provide end-to-end solutions in manufacturing services pertaining to instant beverage premixes to our customers, as follows:

- (a) **Development of product formulations** – we provide our customers with full customisation of instant beverage premixes by developing product formulations in terms of taste profile, serving size, costing requirements and target market. Product formulation entails the process of keeping up to date with changing market demand, testing various combinations of food ingredients to obtain the desired taste profile and identifying new food ingredient suppliers to create more variations of product formulations.
- (b) **Sourcing of supplies** – we source supplies including food ingredients, printed packaging such as sachets and packing boxes/bags from our network of food ingredient and packaging suppliers for use in the manufacturing processes. Based on our customers' requests and their preferences, some of our customers may also provide us certain food ingredients of their choice to be used in the manufacturing of instant beverage premixes. Examples of such food ingredients are bamboo salt, multi-grain powder and rice powder. This is not a common arrangement between our Group and our customers as this arrangement is only done upon request by our customers that prefer to have more control on certain food ingredients used in their products.
- (c) **Manufacturing** – we carry out the process of weighing, sieving and blending of instant beverage premixes in accordance to our customers' requirements, which will then be filled into individual sachets and packed into packing boxes/bags. We may also fill instant beverage premixes into packing bags of 1kg, 10kg, 15kg or 20kg for bulk purchases when required by our customers.
- (d) **Cartoning and delivery** – we will organise the packing boxes/bags into cartons and thereafter wrap the cartons with stretch film to prepare the goods for delivery. Finally, logistics arrangement will be made to deliver the products to our customers using services from third party logistics service providers.

As we support our customers throughout the whole manufacturing process of instant beverage premixes, it enables the optimisation of efficiency for our customers as 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 manufacturing process to us. With this, our customers are able to focus their resources on branding, sales and marketing for onward sale of the manufactured instant beverage premixes to consumers.

Further, as our manufacturing processes are certified Halal by JAKIM, all products manufactured in our factory will be entitled to receive the Halal certification upon registering product formulations with JAKIM. Customers seeking to register their products for Halal certifications may leverage on our services to expedite the Halal registration processes for the respective products manufactured. Customers who register their products for Halal certifications through us are not required to separately register their products for Halal certification. We also assist our customers to apply for the Certificate of Analysis (COA) which certifies that the ingredients and properties in the products meet the required product specifications; Certificate of Free Sale (CFS) which certifies the product as being fit for export; Health Certificate which certifies the product as being safe for human consumption and meeting the standards set by the importing country's food laws, and/or Certificate of Origin (CoO) which certifies the origin of the manufactured goods.

6. INFORMATION ON OUR GROUP (Cont'd)

Our manufacturing services are provided to local and foreign customers. Our Group has been expanding our foreign customer base through participation in international trade fairs and exhibitions as well as through direct approaches to establish our market presence overseas.

Further, we are also involved in the sale of a body care product namely aloe vera gel to a customer, a direct selling company. This is to cater for the request of this customer who has been our existing customer for 16 years. We source the ingredient and packaging materials internally and outsource the packaging process to a third party packaging company as we do not have the required machinery to cater to the packaging of products in tube form.

(ii) Manufacturing, sales and marketing of house brand instant beverage premixes

We also leverage on our expertise to manufacture our house brand instant beverage premixes under our brand names, namely *EveryDay* and *BrogaHill*. *EveryDay* and *BrogaHill* products are manufactured in-house from product formulation, packaging design, sourcing of supplies, blending, packing, and distribution to sales and marketing activities. The sales and marketing activities for *EveryDay* and *BrogaHill* are undertaken by Everyday F&B. Our *EveryDay* and *BrogaHill* products are also Halal certified.

There is no substantial difference in the instant beverage premixes under our *EveryDay* and *BrogaHill* brands, save for the low GI Coffee formulated with low GI content which is suitable for diabetic patients marketed under *EveryDay*. All other instant beverage premixes under these 2 house brands are mostly traditional Malaysian coffee and tea flavours.

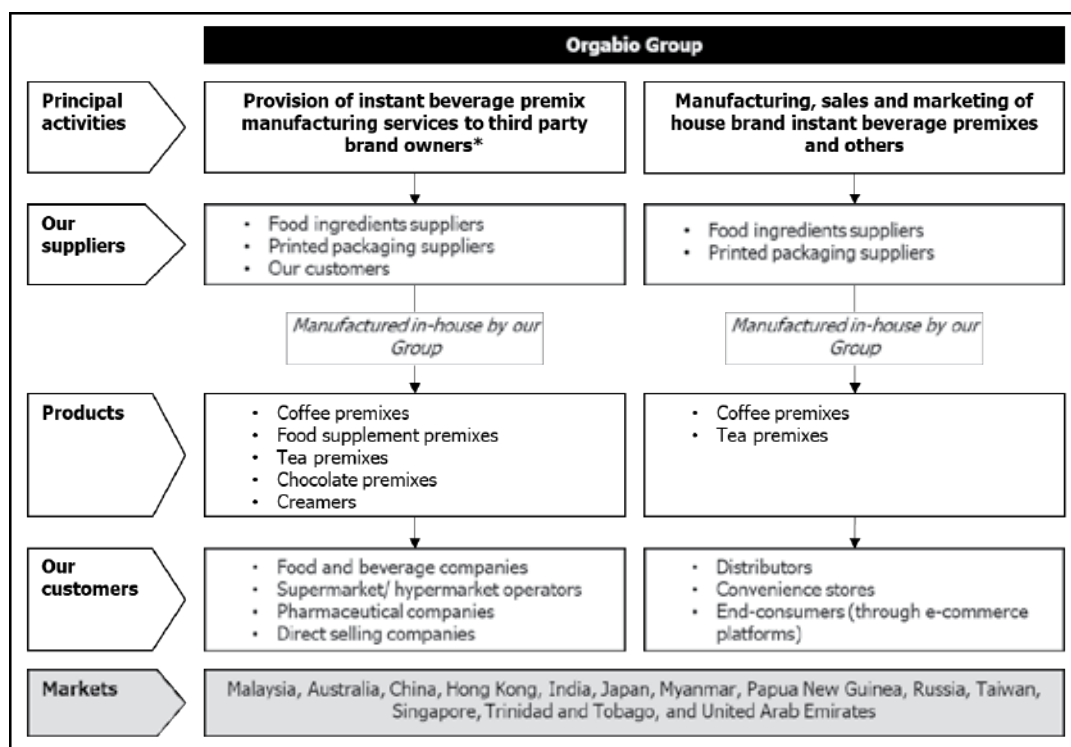
As at the LPD, we distribute *EveryDay* and *BrogaHill* products through 1 third-party local distributor, for onward sale to pharmacies, clinics and hospitals. Our low GI Coffee is distributed in pharmacies, clinics and hospitals to reach out to diabetic patients. However, we also distribute other products under *EveryDay* and *BrogaHill* in pharmacies, clinics and hospitals to capture wider customer base in these locations. We leverage on the network of customers of our distributor (i.e. pharmacies, clinics and hospitals) as well as its logistics network for effective distribution of our house brand instant beverage premixes.

We also sell *EveryDay* and *BrogaHill* products to local convenience stores and *EveryDay* products overseas (i.e. United Arab Emirates, China, Myanmar, Taiwan and Singapore) as well as through e-commerce platforms such as Lazada and Shopee directly to end-consumers.

Since the launch of our house brand *EveryDay* in 2016 and *BrogaHill* in 2019 respectively, we have been expanding our brand presence, both locally and overseas, through participation in international trade fairs and exhibitions, referrals and/or advertising and promotional activities.

6. INFORMATION ON OUR GROUP (Cont'd)

6.6.1 Our business model



Note:

* We are also involved in the sale of aloe vera gel, whereby we source for ingredients and packaging materials internally and outsource the packaging process to a third party packaging company.

As instant beverage premixes are available in a large variety of flavours at various price points, our Group's expertise and competitive-edge in the provision of instant beverage premix manufacturing services to third party brand owners lies in our ability to provide full customisation of formulations during product development as well as end-to-end solutions in manufacturing services. As such, we are able to cater to a wide range of customers, both locally and overseas, suiting their varied preferences for instant beverage premixes. While some of our competitors are also able to provide full customisation of formulations during product development as well as end-to-end solutions in manufacturing services, our industry experience and expertise enable us to propose and provide customised formulations for instant beverage premixes to suit the needs of a broad range of customers, we have an established track record of long-standing relationships with our notable customers, we are accredited with various certifications as a testament of our manufacturing compliance to internationally recognised food quality and safety standards and we have an experienced and hands-on management team. Kindly refer to Section 6.8 for further details on our competitive strengths. Further, we also undertake the sale of aloe vera gel to 1 customer, a direct selling company.

We also leverage on our in-house expertise to manufacture, market and sell our house brands instant beverage premixes, namely *EveryDay* and *BrogaHill*, which comprises coffee premixes and tea premixes. The manufacturing, sales and marketing of house brands are fully undertaken by our Group. Our house brands are mainly sold to distributors, both locally and overseas, as well as convenience stores. As part our Group's initiative to expand the

6. INFORMATION ON OUR GROUP (Cont'd)

presence of our house brands among end-consumers, we also leverage on e-commerce platforms to sell our house brands to end-consumers.

While our customers' and our house brand instant beverage premix may have similar flavours, our Group's provision of instant beverage premix manufacturing services to third party brand owners are not in direct competition with our house brand instant beverage premixes, as our customers' products and our products have different formulations, packaging designs, marketing strategies, target customers and pricing strategies. Our house brands targets health-conscious end-consumers (e.g. diabetic patients) who prefer low GI instant coffee premix at competitive prices. Nevertheless, we also offer other non-GI instant beverage premixes under our house brands to capture wider group of end-consumers. Therefore, the focus of our Group's business is in the provision of instant beverage premix manufacturing services to third party brand owners, and we compete with other instant beverage premix manufacturers in this segment. Our Group manufactures our house brand instant beverage premixes to expand our customer base to capture end-consumers as our premix manufacturing business focuses on commercial customers (i.e. brand owners).

6.6.2 Products and Services

6.6.2.1 Products manufactured for third party brand owners

We provide manufacturing services to third party brand owners to manufacture instant beverage premixes comprising coffee premixes, food supplement premixes and other premixes.

We have developed a broad range of instant beverage premixes as our Group recognises the importance of catering to the needs of a broad base of customers, with various preferences for instant beverage premixes. While our instant beverage premixes are fully customisable, the following is a list of the primary categories of instant beverage premixes that we offer to third party brand owners:

(i) Coffee premixes

Coffee premixes typically comprise coffee powder as the base and are added with flavour and taste enhancing ingredients such as sugar, creamer, flavouring and/or herb extracts. Our range of coffee premixes comprises black coffee, regular milk coffee, flavoured coffee and herbal coffee. We offer a wide profile of coffee flavours to allow our customers to choose the profile that is in accordance with their branding objectives and manufacturers. These products are primarily sold to food and beverage companies, supermarket/hypermarket operators, pharmaceutical companies and direct selling companies.

(ii) Food supplement premixes

Food supplement premixes comprise milk powder, grain powder, legume powder or fruit powder/extract as the base and are added with other ingredients such as calcium, collagen, protein, vitamins, water-soluble dietary fiber, psyllium husk powder, flavouring and/or stabiliser. Our range of food supplement premixes comprises colostrum milk, premix oat cereal, instant raw oat, rice bran powder, instant soybean, dietary meal replacement, dietary fruit juice and organic prune extract.

Food supplement premixes typically serve the function as a meal replacement and/or dietary supplement. These products are primarily sold to food and beverage companies, supermarket/hypermarket operators, pharmaceutical companies and direct selling companies.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) Other premises

Tea premixes

Tea premixes typically comprise tea powder as the base and are added with flavour and taste enhancing ingredients such as sugar, creamer and/or flavouring. Our range of tea premixes comprises *regular milk tea*, *green tea* and *matcha latte*. These products are primarily sold to food and beverage companies, supermarket/hypermarket operators, pharmaceutical companies and direct selling companies.

Chocolate premixes

Chocolate premixes typically comprise cocoa powder as the base and are added with flavour and taste enhancing ingredients such as sugar, creamer and/or flavouring. We are also able to offer a variety of flavour profiles for our chocolate premixes as we have a wide network of food ingredients suppliers and the cocoa powder procured may differ from one supplier to another. These products are primarily sold to food and beverage companies, supermarket/hypermarket operators, pharmaceutical companies and direct selling companies.

Creamers

Upon request, we also provide complementary services to our customers for the packing of creamers as we have the machinery to repackage creamers from bulk form into sachets. Creamer does not require further action of mixing with other food ingredients and is repackaged into sachets.

The examples of customers under the categories of food and beverage companies, supermarket/ hypermarket operators, pharmaceutical companies and direct selling companies, are as follows:

<u>Category</u>	<u>Examples</u>
Food and beverage companies	- Carpenter Agricultural & Manufacturing Ltd - Bryden Pi Ltd - Guangzhou Zhen Hongshun Trade Co Ltd
Supermarket/ hypermarket operators	- Econsave Cash & Carry Sdn Bhd - Aeon Topvalu Malaysia Sdn Bhd - Lotuss Stores (Malaysia) Sdn Bhd
Pharmaceutical companies	- Y.S.P. Industries (M) Sdn Bhd - Dr Nutrition Center LLC - Mepharm Sdn Bhd
Direct selling companies	- Hai-O Enterprise Berhad - TDC Avenue Sdn Bhd - Amway (M) Sdn Bhd

6.6.2.2 Products manufactured for house brands

Our house brand instant beverage premixes comprising coffee premixes and tea premixes are branded under *EveryDay* and *BrogaHill*.

6. INFORMATION ON OUR GROUP (Cont'd)

Our range of products under *EveryDay* includes "Low GI Coffee", "White Coffee (Flat White)", "3-in-1 Premix Coffee – Original", "Coffee Tea (Cham)" and "Matcha Latte".



Our range of products under *BrogaHill* includes "Malaysia Kopi O Kosong", "Malaysia White Coffee" and "Malaysia Teh Tarik".



As at the LPD, we distribute *EveryDay* and *BrogaHill* products through 1 local distributor, for onward sale to pharmacies, clinics and hospitals. We also sell *EveryDay* and *BrogaHill* products to local convenience stores and *EveryDay* products overseas as well as through e-commerce platforms such as Lazada and Shopee directly to end-consumers.

6.6.3 Principal Business Segments and Markets

The breakdown of our Group's revenue segmentation by principal business activities is as follows:

Revenue by principal business activities	Audited							
	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Instant beverage premix manufacturing services								
- Coffee premixes	26,063	79.77	24,773	78.16	20,892	53.06	20,760	35.14
- Food supplement premixes	2,433	7.45	4,940	15.59	16,101	40.89	35,410	59.95
- Others ⁽¹⁾	3,113	9.53	1,151	3.63	1,872	4.76	2,205	3.73
	31,609	96.75	30,864	97.38	38,865	98.71	58,375	98.82
House brands								
- <i>EveryDay</i>	678	2.08	448	1.41	136	0.35	234	0.40
- <i>BrogaHill</i>	-	-	-	-	*	*	3	*
	678	2.08	448	1.41	136	0.35	237	0.40
Sale of aloe vera gel	383	1.17	384	1.21	372	0.94	460	0.78
Total revenue	32,670	100.00	31,696	100.00	39,373	100.00	59,072	100.00

6. INFORMATION ON OUR GROUP (Cont'd)

Revenue by principal business activities	Unaudited		Audited	
	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Instant beverage premix manufacturing services				
- Coffee premixes	8,805	30.02	16,167	46.30
- Food supplement premixes	19,312	65.85	16,796	48.20
- Others ⁽¹⁾	810	2.76	1,517	4.35
	<u>28,927</u>	<u>98.63</u>	<u>34,480</u>	<u>98.95</u>
House brands				
- <i>EveryDay</i>	130	0.44	167	0.48
- <i>BrogaHill</i>	2	0.01	2	0.01
	<u>132</u>	<u>0.45</u>	<u>169</u>	<u>0.49</u>
Sale of aloe vera gel	271	0.92	194	0.56
Total revenue	29,330	100.00	34,843	100.00

Notes:

* Negligible.

(1) Comprises tea premixes, chocolate premixes and creamers.

For the past 4 FYEs 2018 to 2021 and FPE 2022, the provision of instant beverage premix manufacturing services was the largest revenue contributor to our Group, contributing 96.75%, 97.38%, 98.71%, 98.82% and 98.95% of our Group revenue, respectively.

The breakdown of our Group's revenue generated from house brands by distribution channels is as follows:

Distribution channels ⁽¹⁾	Audited							
	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distributors	-	-	253	0.80	109	0.28	152	0.26
Direct sale (include export)	678	2.08	195	0.61	23	0.06	35	0.06
E-commerce platforms	-	-	-	-	4	0.01	34	0.05
Convenience stores	-	-	-	-	-	-	16	0.03
Revenue generated from house brands	678	2.08	448	1.41	136	0.35	237	0.40
Total revenue	32,670	100.00	31,696	100.00	39,373	100.00	59,072	100.00

Distribution channels ⁽¹⁾	Unaudited		Audited	
	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Distributors	78	0.27	128	0.37
Direct sale (include export)	26	0.09	7	0.02
E-commerce platforms	12	0.04	34	0.10
Convenience stores	16	0.05	-	-
Revenue generated from house brands	132	0.45	169	0.49
Total revenue	29,330	100.00	34,843	100.00

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

- (1) We supplied our house brands to convenience stores in FYE 2021. However, the convenience stores ceased to purchase from us subsequent to the FYE 2021 due to low demand from end customers. There is no revenue generated from house brands through convenience stores in the past 3 FYEs 2018 to 2020 and FPE 2022.

The breakdown of our Group's revenue segmentation by principal markets is as follows:

Revenue by principal market	Audited							
	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local								
Malaysia	26,456	80.98	23,102	72.89	32,553	82.68	53,197	90.05
Overseas								
Singapore	112	0.34	2,901	9.15	2,325	5.90	430	0.73
China	5,347	16.37	5,063	15.97	1,630	4.14	397	0.67
Papua New Guinea	-	-	95	0.30	1,081	2.75	2,451	4.15
United Arab Emirates	366	1.12	447	1.41	714	1.81	549	0.93
Hong Kong	81	0.25	-	-	642	1.63	112	0.19
Trinidad and Tobago	-	-	-	-	375	0.95	1,763	2.98
Others	308 ⁽¹⁾	0.94	88 ⁽²⁾	0.28	53 ⁽³⁾	0.14	173 ⁽³⁾	0.30
	6,214	19.02	8,594	27.11	6,820	17.32	5,875	9.95
Total revenue	32,670	100.00	31,696	100.00	39,373	100.00	59,072	100.00
Revenue by principal market	Unaudited		Audited					
	FPE 2021		FPE 2022					
	RM'000	%	RM'000	%				
Local								
Malaysia	27,300	93.08	27,213	78.10				
Overseas								
Singapore	37	0.13	712	2.04				
China	262	0.89	1,338	3.84				
Papua New Guinea	936	3.19	3,950	11.34				
United Arab Emirates	232	0.79	262	0.75				
Hong Kong	-	-	170	0.49				
Trinidad and Tobago	460	1.57	1,198	3.44				
Others	103 ⁽³⁾	0.35	-	-				
	2,030	6.92	7,630	21.90				
Total revenue	29,330	100.00	34,843	100.00				

Notes:

- (1) Comprises revenue derived from sales to Japan, Myanmar, Russia and Taiwan.
(2) Comprises revenue derived from sales to India and Russia.
(3) Comprises revenue derived from sales to Australia.

Our revenue from Malaysia contributed approximately 80.98%, 72.89%, 82.68%, 90.05% and 78.10% of our Group's total revenue for the past 4 FYEs 2018 to 2021 and FPE 2022, respectively. We had 58 customers, 60 customers, 64 customers, 66 customers and 43 customers for the past 4 FYEs 2018 to 2021 and FPE 2022, respectively.

6. INFORMATION ON OUR GROUP (Cont'd)

In the past 4 FYEs 2018 to 2021 and FPE 2022, our Group had 8 customers from China. The revenue contribution from China decreased due to decrease in orders from Jinjiang Yeeka Commercial and Trading Co Ltd which is based in China.

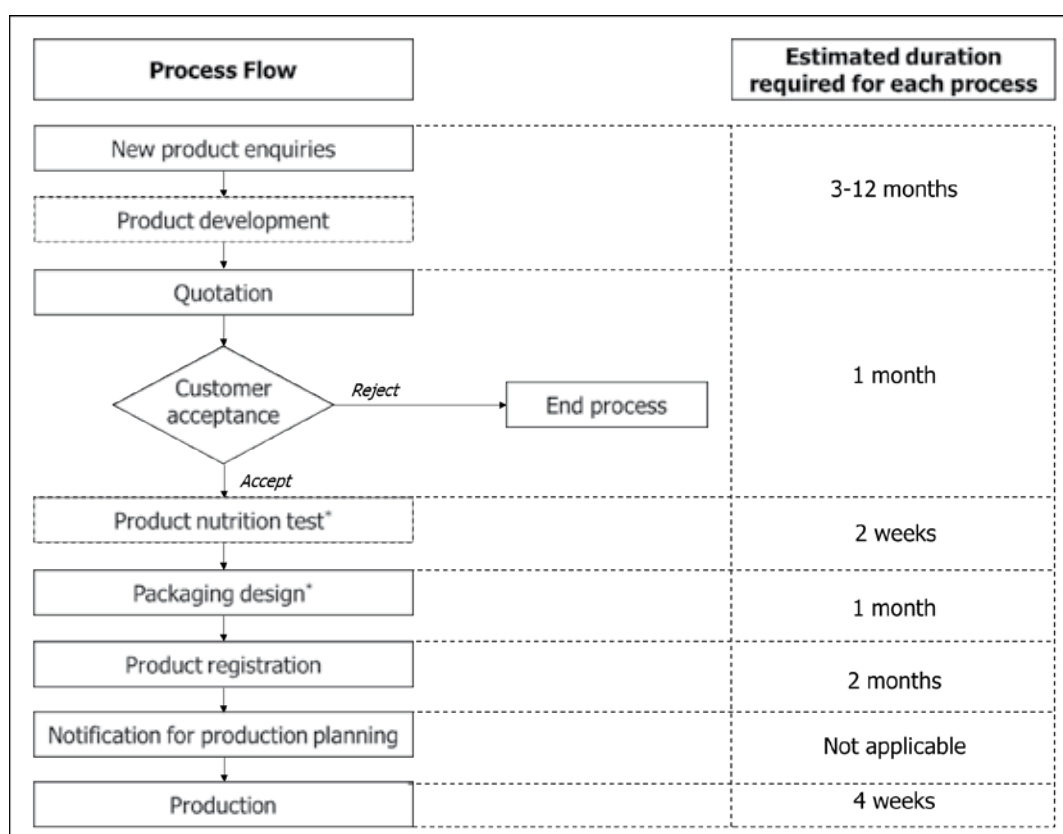
Upon the confirmation of purchase, we collect deposit of up to 50% of order value mainly from new customers and overseas customers, subject to the customers' profile, length of relationship and their past payment records.

6.7 DESCRIPTION OF OUR BUSINESS

6.7.1 Our business processes

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

(i) Product formulation



Notes:

- [] denotes quality control procedure is undertaken for the process.
- * The process is outsourced to third party service providers.

New product enquiries

Upon the receipt of an enquiry for new product formulation from potential customer or existing customer, our sales and marketing team will forward the request to our product development team.

6. INFORMATION ON OUR GROUP (Cont'd)

Product development

We commonly work together with our customers for product formulations, to introduce enhanced premix formulation in order to improve our customers' products. Our product development team will communicate with the customer to understand their requirements for the product such as preferred product profiles in terms of appearance, taste, scent, texture (i.e. mouthfeel) and health functions, costing requirements and target market. With that understanding, our product development team will design and develop customised formulation for the customer. Further details on the quality control procedures undertaken during product development are set out in Section 6.15.

Quotation and customer acceptance

Based on the product formulation developed by our product development team and the quantity requested by our customer, our sales and marketing team will provide a quotation to the customer. Upon acceptance of the quotation, our sales and marketing team will request for the customer to provide an official purchase order.

Product nutrition test, packaging design and product registration

We will send samples of the newly formulated product to a third party laboratory, accredited under the Laboratory Accreditation Scheme of Malaysia, to undergo nutrition test to confirm the nutritional properties present in the product. Upon request, we will also assist our customer to engage a packaging designer to provide packaging designs to our customer.

Thereafter, we will proceed to register the new product formulation with JAKIM to certify that the product is Halal. This allows our customer to display the Halal logo on their product packaging.

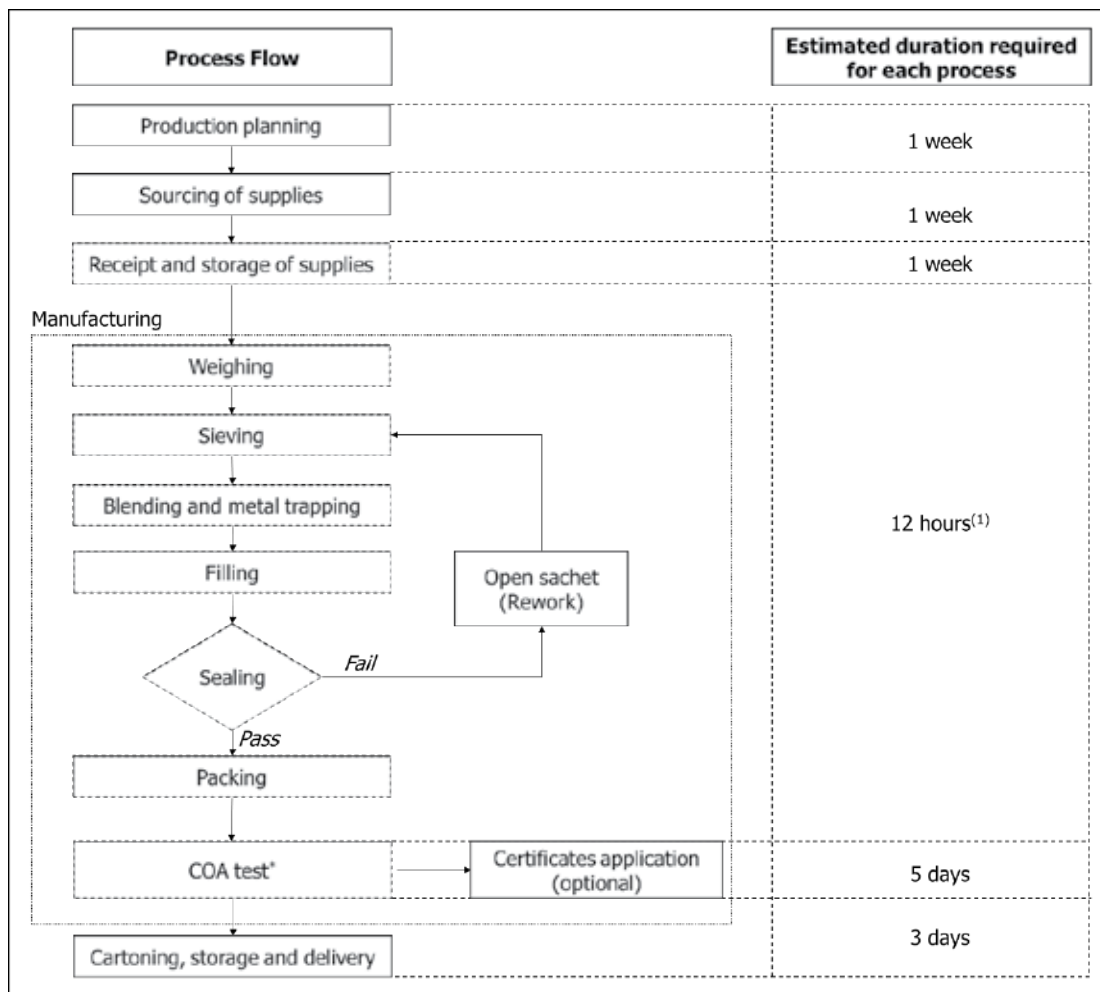
Notification for production planning

Once we have received the purchase order, we collect deposit of up to 50% of order value mainly from new customers and overseas customers, subject to the customers' profile, length of relationship and their past payment records. Thereafter, our production team will be notified of the order for production planning purposes. The formulation for the new product will also be forwarded to the production team to make the necessary arrangement for manufacturing.

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6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Production



Notes:

- [] denotes quality control procedure is undertaken for the process.
- ⁽¹⁾ Based on a batch of 300kg premix.
- * The process is outsourced to third party service providers.

Production planning

Upon receiving notification of a confirmed purchase order (i.e. based on existing formulation or new formulation), our production team will develop a detailed production plan that specifies all manufacturing and delivery details such as supplies required, manufacturing schedule and delivery timeline. This is critical to ensure that our products are able to be delivered on time to our customers.

Sourcing of supplies

Based on the product formulation, quantity required and timing of delivery, our procurement team will arrange for the sourcing of food ingredients and packaging materials (i.e. customer’s packaging designs will be forwarded to the packaging materials supplier for printing of sachets and packing boxes/bags) accordingly.

6. INFORMATION ON OUR GROUP (Cont'd)

Receipt and storage of supplies

Our quality control team will conduct visual inspections on every batch of food ingredients received to ensure that the procured supplies are in good condition and the parameters are within specifications; and visual inspections on packaging materials to ensure that there are no printing defects or printing error. Approved supplies will be temporarily stored at our warehouse prior to manufacturing, while rejected supplies will be returned to suppliers for replacement. Further details on the quality control procedures undertaken for incoming supplies are set out in Section 6.15.

Manufacturing

Selected food ingredients are weighed according to the proportion indicated in the formulation of the product to be manufactured. Once the weighing is completed, these food ingredients will undergo sieving to remove foreign particles of size exceeding 5 millimetres ("mm"). Sieved food ingredients will be transferred to the mixer for blending under a controlled environment. During the blending process, metal trapping procedure will also be performed to remove metal particles that may be present in the mixture.

The mixture, in the form of ready premix, will then be filled into sachets and sealed. Sachets inspection will be conducted by our QC personnel and production worker every 30 minutes on random samples to ensure that the weight of each sachet is in accordance to product specification, the sealing conforms to the required standard and quality, and clear printing of batch number, manufacturing date and expiry date on the sachets. Batches of sachets that fail the inspection test will be reworked, while those that have pass the inspection test will be packed into packing boxes/bags accordingly. Further, the ready premix may also be filled into packing bags of 1kg, 10kg, 15kg or 20kg for bulk purchases when required by our customers.

Samples of the manufactured products will be sent for COA test (i.e. microbiological test, mycological test and heavy metal test) to certify that the ingredients and properties in the product meets the product specification. Upon request, we will also apply for the CFS, Health Certificate and CoO for our customers, in which such certificates are generally required for export purposes.

Further details on the quality control procedures undertaken during the manufacturing process are set out in Section 6.15.

Cartoning, storage and delivery

Ready packing boxes/bags will be organised into cartons and thereafter wrapped with stretch film to prepare the goods for delivery. Finished goods will be temporarily stored in the warehouse while logistics arrangement is made with third party logistics service provider to schedule the delivery to our customer.

(iii) Warranty policy

If the goods delivered to our customers, including recurring and non-recurring customers are damaged or do not meet the specified requirements, they will be entitled for replacement of the goods. The replacement will be made when our customer issues a debit note within a reasonable time period. We will then arrange for shipment for the replacement to the customer.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.2 Operating capacities and output

We are primarily involved in the manufacturing of instant beverage premixes. The manufacturing efficiency of our current facility is dependent on the operating speed of our filling and sealing machines. Hence, our annual manufacturing capacity is calculated based on the following:

- (i) The types and number of filling machines in each of the past 4 FYEs 2018 to 2021 and FPE 2022;
- (ii) The number of instant beverage premix sachets manufactured per shift per filling machine. On average, each lane of filling machine is able to produce 1,200 sachets per hour and the duration of filling for each shift is 5.5 hours (i.e. a total of 8 working hours per shift in which 2.5 hours are occupied with machinery setting, reloading of sachet foils and cleaning of machinery, and the remaining 5.5 hours are available for sachets filling);
- (iii) The number of operational shifts per filling machine per day, taking into consideration the number of workers available and over-time undertaken by workers; and
- (iv) 2 shifts daily, where we split our production workforce and utilised approximately 60% of our total production workforce during the morning shift and 40% of our total production workforce during the night shift with an average of 25 working days per month (i.e. calculated based on 6 working days per week and 12 days of public holiday per year).

Our annual manufacturing capacities, actual output and utilisation rates for the past 4 FYEs 2018 to 2021 and FPE 2022 are as follows:

	Annual manufacturing capacity (Sachets)	Actual output⁽¹⁾ (Sachets)	Utilisation rate (%)
FYE 2018	130,680,000	108,695,000	83.18
FYE 2019	142,560,000	99,854,000 ⁽²⁾	70.04
FYE 2020	150,480,000	106,002,000	70.44
FYE 2021	152,130,000	128,179,000	84.26
FPE 2022 ⁽³⁾	117,150,000	86,199,000	73.58

Notes:

- (1) Premixes in sachets form are in sizes of between 2 grams to 40 grams while the food supplement premixes that are packed into bottles / cans are 300 grams and 350 grams.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) In the FYE 2019, our actual output decreased due to the decrease in sales of coffee premixes to our major customers, Hai-O Enterprise Berhad and Jinjiang Yeeka Commercial and Trading Co Ltd.
- (3) Manufacturing capacity, actual output and utilisation rate for FPE 2022 is for a period of 6 months from 1 July 2021 to 31 December 2021.

In the past 4 FYEs 2018 to 2021 and FPE 2022, our Beranang Factory operated at utilisation rates of 83.18%, 70.04%, 70.44%, 84.26% and 73.58%, respectively. Our utilisation rates in the FYE 2019 and FYE 2020 decreased due to decreases in our actual output in the corresponding years compared to our actual output in the FYE 2018. The utilisation rate in the FPE 2022 decreased due to the purchase of new filling machines, which led to the increase in annual manufacturing capacity. In the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, we purchased new filling machines, leading to increases in our annual manufacturing capacity in the corresponding years/period.

6.7.3 Key machinery and equipment

A summary of the key machinery and equipment owned and used by our Group to facilitate our daily business operations are set out below:

Machinery/ Equipment	Function	No. of units	Average lifespan⁽¹⁾ (years)	Average age⁽²⁾ (years)	NBV as at 31 December 2021⁽³⁾ (RM'000)
Mixer	To blend food ingredients into premix	9	8	3.8	144
Filling machine	To fill and seal blended premix into sachets	14	8	2.5	3,016
Sealing machine	To seal packing bags and cartons	10	8	2.4	61
Coding machine	To print batch number and expiry date on sachets/packing boxes/bags	25	8	3.2	101
Conveying machine	To convey sachets from production area to packing area and to count and segregate sachets to be filled into packing boxes/bags	20	8	4.4	165
Wrapping machine	To shrink wrap packing boxes and cartons	3	8	4.0	19
Check-weigher machine	To check the weight of packing boxes/bags to ensure that the correct number of sachets are packed	8	8	1.4	135

6. INFORMATION ON OUR GROUP (Cont'd)

Machinery/ Equipment	Function	No. of units	Average lifespan⁽¹⁾ (years)	Average age⁽²⁾ (years)	NBV as at 31 December 2021⁽³⁾ (RM'000)
Labelling machine	To paste labels onto bottles / cans	1	8	9.0	-
Folding machine	To fold and glue packing boxes	2	8	2.0	255
High-speed crushing machine	To grind granular form coffee into smaller particle size	1	8	1.0	8
Forklift/ Reach-truck	To carry and transfer pallets of raw materials and ready products	3	8	4.0	14
					3,918

Notes:

- (1) Notwithstanding the average lifespan of the machinery and equipment, our Group's depreciation policy is 5 years. On average, the machineries can be utilised for approximately 8 years. Thereafter, we replace the parts and components to continue their lifespans or render the machinery obsolete if they can no longer be utilised.
- (2) Average age of the machinery is computed since the year of purchase and up to the LPD.
- (3) Figures comprise key machinery and equipment that have been fully depreciated.

During FPE 2022 and up to the LPD, we have purchased 4 units of filling machines, 2 units of sealing machines, 5 units of coding machines, 4 units of check-weigher machines, 3 units of folding machines, 1 unit of mixer, 1 unit of forklift and 7 units of conveying machines.

6.7.4 Interruption to business and operations**(i) Impact on our business operations**

Our business and operations faced temporary interruption pursuant to the COVID-19 outbreak globally. The imposition of the MCO effective on 18 March 2020 to 3 May 2020 by the government of Malaysia to contain the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from the relevant governmental bodies. As our business is categorised under essential services, we were allowed to continue operating during the period of the MCO. Nevertheless, between 18 March 2020 and 3 May 2020, we were required to adhere to the standard operating procedures set out by MITI whereby we had limited our Group's production workers physically present at our factory at any given time to 50% of our total production workforce, and established work from home system for employees whose roles were not critical to our production activities.

6. INFORMATION ON OUR GROUP (Cont'd)

(a) Impact on local sales and delivery

During the initial stage of the MCO, temporary disruptions to the logistics flow had resulted in delays of up to 2 weeks in our delivery schedule to local customers. Nevertheless, we had informed our customers of such delay in delivery schedule and in view of the COVID-19 situation, our customers did not initiate any penalty claims against our Group arising from the delay. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the delivery of manufactured products to local customers.

We did not face any shortages in supplies for the manufacturing of products for existing local customers as we have stored excess supplies that were sufficient to meet the demand of our manufacturing activities during the initial stage of the MCO. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the procurement and receipt of supplies as our suppliers are also categorised under essential services.

Save for the temporary delay in delivery schedule, our local sales were not impacted as we did not receive any suspension or cancellation of sales order from our local customers. Further, the fulfilment of delayed local orders to our customers were completed within the FYE 2020.

(b) Impact on export sales

During the MCO, we experienced a 1-month delay in fulfilling orders secured from Bryden Pi Ltd which resulted from a delay in receiving supplies purchased from overseas. Bryden Pi Ltd is our new customer in which we received the purchase orders in November 2019 for the manufacturing of coffee premixes. As we did not have ready supplies available in our inventory to undertake manufacturing activities for Bryden Pi Ltd, we had to purchase the required supplies from overseas. Nevertheless, we had informed Bryden Pi Ltd of such delays in the delivery schedule and in view of the COVID-19 situation, Bryden Pi Ltd did not initiate any penalty claims against our Group arising from the delay. The orders secured from Bryden Pi Ltd were eventually fulfilled on 3 April 2020 and 23 April 2020.

Further, during the initial stage of the MCO, temporary logistic disruptions had resulted in delays of up to 2 weeks in our delivery schedule to foreign customers. Nevertheless, we had informed our customers of such delay in delivery schedule and in view of the COVID-19 situation, our customers did not initiate any penalty claims against our Group arising from the delay. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the delivery of manufactured products to foreign customers.

Save for Bryden Pi Ltd, we did not face any shortages in supplies for the manufacturing of products for existing foreign customers as we have stored excess supplies that were sufficient to meet the demand for our manufacturing activities during the initial stage of the MCO. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the procurement and receipt of supplies as our suppliers are also categorised under essential services.

6. INFORMATION ON OUR GROUP (Cont'd)

Resulting from the COVID-19 outbreak, we had received a suspension of 2 purchase orders from 1 foreign customer, namely Loi Hein (Singapore) Pte Ltd, our major customer in the FYE 2019 and FYE 2020. The suspension of these 2 purchase orders amounted to USD0.45 million (approximately RM1.85 million) and we are unable to recognise such revenue until we complete the fulfilment of the order. As at the LPD, we have yet to receive instructions from Loi Hein (Singapore) Pte Ltd to resume manufacturing of the suspended order. Nevertheless, our Group was able to recognise revenue for the 3 purchase orders which amounted to RM1.86 million from Loi Hein (Singapore) Pte Ltd which were not suspended in the FYE 2020.

Save for Loi Hein (Singapore) Pte Ltd, the fulfilment of delayed export orders to other export customers, including Bryden Pi Ltd, were completed within the FYE 2020.

We did not receive any cancellation of sales orders from our foreign customers resulting from the COVID-19 outbreak.

Between 18 March 2020 to 3 May 2020, our production workers physically present at our factory at any given time was limited to 50% of our total production workforce. Our production was able to continue to operate 2 shifts (i.e. morning shift and night shift), and all our production workers were allowed to work, but we limited the number of production workers who were physically present at our factory at 50% of our total production workforce in each shift. The production workforce during the morning shift and night shift summed up to 100% of our total production workforce. Such resource allocation was similar to pre-MCO where we split our production workforce and utilised approximately 60% of our total production workforce during the morning shift and 40% of our total production workforce during the night shift. As such, we did not face any major disruption to our production as our Group was able to operate at pre-MCO level, and our production was allowed to operate at full capacity. Meanwhile employees from accounting, human resources and administration department as well as product development, sales and marketing department were reduced to an office workforce capacity of 50% during this period. The remaining 50% of the employees from these departments whose roles were not critical to our production activities such as some of our employees from accounting, human resources and administration department as well as product development, sales and marketing department were requested to work from home. As such, our Group's operations were not materially affected despite the reduction in our workforce capacity during this period.

The suspension of orders from Loi Hein (Singapore) Pte Ltd had consequently freed up our manufacturing capacity to cater to the fulfilment of other orders. Coupled with a rearrangement of our production planning, we did not face any disruptions in fulfilling our orders during the MCO, save for the delay arising from disruptions in logistics flow as mentioned above. The fulfilment of delayed local and export orders was completed within the FYE 2020, and coupled with the increase in revenue from the FYE 2019 to FYE 2020, our Group's business operations and financial performance have not been materially impacted by the COVID-19 pandemic and the MCO.

Further, our Group's local and overseas suppliers were also not materially adversely impacted by the COVID-19 pandemic and the MCO or similar movement restrictions imposed by respective countries, as our suppliers are also categorised under essential services. As such, except for the temporary logistic disruptions which had resulted in delays in the receipt of supplies from overseas for orders secured from Bryden Pi Ltd, our Group's supply chain was not affected.

6. INFORMATION ON OUR GROUP (Cont'd)

During the conditional MCO period which was implemented on 4 May 2020 and recovery MCO period which was implemented on 10 June 2020, our Group was allowed to operate at full workforce capacity and as such, we did not experience any disruptions to our business operations during these periods.

Following the resurgence of COVID-19 cases in Malaysia, a second MCO was imposed in all federal territories and most of the states in Malaysia for different durations from January 2021 to March 2021. Subsequently, conditional MCO and recovery MCO were imposed in different states for different durations from March 2021 to May 2021. In Selangor, where our factory is located, a second MCO was imposed effective 13 January 2021 to 4 March 2021. Subsequently, conditional MCO was imposed on 5 March 2021. Nevertheless, there were no disruptions to our operations and our Group was allowed to operate at full workforce capacity as our business is categorised under essential services by MITI. Further, there were no disruptions in the procurement and receipt of supplies as our suppliers are also categorised under essential services. Due to the above, there were no delays in the fulfilment of orders.

During the MCO, conditional MCO, recovery MCO and the second MCO, we continue to receive enquires for our instant beverage premix manufacturing services and we have managed to secure and fulfilled orders from 12 new customers with total purchase orders that amounted to RM1.40 million. For instant beverage premix in sachets, the order size for these new customers was between RM0.003 million to RM0.40 million each.

A third MCO was imposed in 6 districts in Selangor which include the district in which our factory is located from 6 May 2021 and it was later extended throughout Malaysia from 12 May 2021. Subsequently, the National Recovery Plan ("NRP") (phase 1) (previously known as nationwide total lockdown (phase 1)) was imposed from 1 June 2021 to 9 September 2021. As our business is categorised under essential services, we were allowed to continue operating during the third MCO and NRP (phase 1). However, our employees who were physically present at our factory at any given time was limited to 60% of the total workforce (including production and office workforce). Our production was able to continue to operate 2 shifts (i.e. morning shift and night shift) and all our production workers were allowed to work, but we limited the number of employees who were physically present at our factory at less than 60% of our total workforce in each shift. We adjusted our resource allocation where we split our production workforce and utilised approximately 57% of our total production workforce during the morning shift and approximately 43% of our total production workforce during the night shift. Such resource allocation was similar to pre-MCO where we split our production workforce and utilised approximately 60% of our total production workforce during the morning shift and 40% of our total production workforce during the night shift. As such, our manufacturing activities were not impacted, as our Group was able to operate at pre-MCO level, and we did not face any major disruption to our production. Our sales activities were able to continue to be carried out through online meetings so we did not face any major disruption for our sales and marketing activities. We also did not face any major disruption in the procurement and receipt of supplies as our suppliers were allowed to operate, albeit with reduced workforce, as they were also categorised under essential services.

An enhanced MCO was imposed in 34 sub-districts in Selangor, which include the sub-district in which our factory is located from 3 July 2021 to 16 July 2021. Our Group was not allowed to operate from 3 July 2021 to 7 July 2021 as coffee and tea manufacturing was not included in the list of essential food and beverage manufacturing. Orders from our local and foreign customers which were intended to be manufactured and/or delivered from 3 July 2021 to 7 July 2021 were temporarily

6. INFORMATION ON OUR GROUP (Cont'd)

delayed. However, our customers did not initiate any penalty claims against our Group arising from the delay. As of 30 July 2021, these delayed orders have been fulfilled.

On 7 July 2021, MITI included coffee and tea manufacturing in the list of essential food and beverage manufacturing which allowed us to resume our operations on 8 July 2021. However, our employees who were physically present at our factory at any given time was limited to 60% of the total workforce (including production and office workforce). Our production could continue to operate 2 shifts (i.e. morning shift and night shift) and all our production workers were allowed to work, but we limited the number of employees who were physically present at our factory at less than 60% of our total workforce in each shift. As such, we have maintained our resource allocation where we split our production workforce and utilised approximately 57% of our total production workforce during the morning shift and approximately 43% of our total production workforce during the night shift. Such resource allocation was similar to pre-MCO where we split our production workforce and utilised approximately 60% of our total production workforce during the morning shift and 40% of our total production workforce during the night shift. As such, our manufacturing activities were not impacted as our Group were able to operate at pre-MCO level, and our production and fulfilment of our customers' orders were not disrupted. Our sales activities continue to be carried out through online meetings so we did not face any major disruption to our sales and marketing activities. We did not face any major disruption in the procurement and receipt of supplies as our suppliers were allowed to operate, albeit with reduced workforce.

Selangor was in the NRP (phase 2) from 10 September 2021 to 30 September 2021, NRP (phase 3) from 1 October 2021 to 17 October 2021 and moved into NRP (phase 4) from 18 October 2021 onwards. As all of our employees have been vaccinated with 2 doses, we no longer required to limit the number of employees who are physically present at our factory in each shift in the NRP (phase 2, phase 3 and phase 4). As such, moving forward, we do not expect any major disruption to our production, sales and marketing activities, procurement and receipt of supplies.

In September 2021, we recorded 1 confirmed case of COVID-19 among our employees. Nevertheless, our Group had received an order from the MOH to close our factory and office from 29 September 2021 to 5 October 2021 for sanitisation and disinfection purposes, and there was no compound imposed in this regard. Due to the closure, our production was halted and the delivery schedule to our customers was delayed by 1 week. These delayed orders were fulfilled by 12 October 2021. Our customers did not initiate any penalty claims against our Group arising from the slight delay, as such our financial performance was not impacted.

From 1 April 2022, Malaysia transits to the endemic phase of COVID-19. As such, moving forward, we do not expect any major disruption to our production, sales and marketing activities, procurement and receipt of supplies. In the endemic phase of COVID-19, we do not expect any order from the MOH to close our factory and office for sanitisation and disinfection due to COVID-19 infection cases, however this will be subject to the standard guidelines issued by MOH from time to time. Any order from the MOH to close our factory and office for sanitisation and disinfection in the future is expected to affect our production and delivery schedule. Our financial performance will be affected if the delay in production and delivery is for a prolonged period and/or if our customers initiate penalty claims against our Group due to the delays.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Impact on our business cash flows, liquidity, financial position and financial performance

Subsequent to the COVID-19 outbreak, we had received a suspension of order from Loi Hein (Singapore) Pte Ltd which was USD0.45 million (approximately RM1.85 million). This had adversely impacted our financial performance for the FYE 2020 as we are unable to recognise the revenue until we complete the fulfilment of the order.

Save for Loi Hein (Singapore) Pte Ltd, our financial performance for the FYE 2020 was not adversely impacted by the delay in delivering manufactured products to other customers locally and overseas, as the delayed orders were fulfilled within the FYE 2020.

Further, during the MCO period, there was no material impact on the collectability of our trade receivables arising from business interruptions as our customers are mainly food and beverage companies and manufacturers, supermarket/hypermarket operators, pharmaceutical companies and direct selling companies who are deemed as essential services and were allowed to operate during the MCO period.

As at the LPD, we have:

- (a) Cash and bank balances of approximately RM4.21 million;
- (b) Banking facilities (excluding lease liabilities) up to a limit of RM22.56 million, of which RM13.48 million has been utilised. Details of banking facilities are as follows:

Type of facilities	Amount authorised RM'000	Amount utilised RM'000	Balance available RM'000
Bankers' acceptance	1,960	1,217	743
Term loan	20,597	12,267	8,330
	22,557	13,484	9,073

Our Board is confident that, after taking into account our cash and bank balances as well as the banking facilities currently available to our Group, our working capital will be sufficient for our capital/operating expenditure and to sustain our business.

We did not receive any claw back or reduction in the banking facilities limit granted to us by our lenders. In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets, inventories or receivables.

Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance.

(iii) Impact to our business and earning prospects

According to Bank Negara Malaysia ("BNM"), as a result of the COVID-19 outbreak in early 2020, Malaysia experienced negative growth of gross domestic product ("GDP") at 5.64% in 2020, indicating adverse economic conditions for the year which negatively impacted manufacturing activities and demand for consumer products including instant beverage premixes and in turn affect demand for manufacturing services for instant beverage premixes.

6. INFORMATION ON OUR GROUP (Cont'd)

BNM projects the Malaysian economy to expand within the range of 5.50% to 6.50% in 2022, supported by significant improvement in global trade, stabilised commodity prices, containment of the COVID-19 pandemic, and gradual improvement in consumer and business sentiments. Along with the recovery in economic conditions, the development of the instant beverage premixes industry in Malaysia is expected to continue to be influenced by the following drivers:

- (a) Malaysia being one of the world's major exporters of coffee extracts which include instant and coffee premixes;
- (b) Malaysia being a Halal hub drives demand from the Halal markets;
- (c) The growing need for convenience increases consumer preference for instant beverage premixes;
- (d) Increasing outsourcing to contract manufacturers for the manufacturing services of instant beverage premixes; and
- (e) Government initiatives in promoting the food and manufacturing industry.

Source: IMR Report

Notwithstanding the COVID-19 pandemic, we continue to receive purchase orders from existing customers and secure orders from 27 new customers amounting to RM7.32 million. Premised on the above, we do not expect any material impact to our business and earning prospects.

(iv) Strategy and steps taken to address the impact of COVID-19 pandemic

In response to the COVID-19 pandemic, our Group has established a safety protocol committee to oversee the adherence of infection control measures based on the guidelines and SOP issued by MITI. The infection control measures as at the LPD include, amongst others:

- (a) Wearing of face masks in work places;
- (b) Sanitising hands before entering work places and all employees are required to sanitise and wash their hands with soap and water frequently throughout the day; and
- (c) Sanitising all common areas of work places.

Further, in the event of any reported COVID-19 cases, the affected employees will be required to undergo self-quarantine as per the standard guidelines issued by MOH from time to time prior to being allowed to resume work in our factory.

Our foreign workers have been divided into 2 teams by shifts to minimise contact with each other and each team stays in separate dormitories.

Up to the LPD, there were 50 confirmed cases of COVID-19 among our employees.

Save for the above, our Group had not experienced any other interruptions in our operations which had a significant effect on our operations during the past 12 months preceding the LPD. To comply with the SOPs imposed during the MCO, conditional MCO and recovery MCO period since March 2020, our Group has incurred testing costs and disinfection costs amounting to RM0.26 million, which is not material to our Group. Our Group has also not been in breach of any laws relating to COVID-19 restrictions and/or SOPs as issued by the relevant authorities. Our Group did not participate in wage subsidy programmes initiated by the Malaysian Government to cushion the economic impact of COVID-19.

6. INFORMATION ON OUR GROUP (Cont'd)

6.8 COMPETITIVE STRENGTHS**6.8.1 Our industry experience and expertise enable us to propose and provide customised formulations for instant beverage premixes to suit the needs of a broad range of customers**

Having been in the industry for 16 years since we commenced our instant beverage premix business in 2006, we have gained extensive experience in the formulation and manufacturing of instant beverage premixes. Through in-depth insights gathered from local and overseas customers, we are able to identify the various blends, taste profiles and preferences, which are specific to the consumers of each region. 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 instant beverage premixes based on their target markets. Our ability in providing fully customisable manufacturing services to our customers is supported by our in-house capability in product formulation and this is demonstrated by the wide range of formulations that we have developed for our customers over the years.

As at the LPD, we have a total of 115 product formulations registered with JAKIM and we have full access to the list of food ingredients used in the respective product formulations. To safeguard our interest as the product formulator, we keep the formulations confidential from our customers. This is also to ensure that our customers will continue to engage our services as a similar product profile may not be easily replicated by another manufacturer.

Additionally, we often conduct internal market research to keep abreast with latest market trends, consumer preferences and manufacturing industry technology updates. This is carried out through reading of industry publications, interacting with consumers especially in trade fairs and exhibitions, and following up with our existing customers for product improvement feedbacks. These valuable inputs allow us to continuously improve and/or develop customised formulations for instant beverage premixes to meet the demands and needs from different consumer groups. This, in turn, also enables our Group to provide value-added services to our customers by proposing new formulations to our existing customers for their consideration.

6.8.2 We provide end-to-end solutions to customers from formulation to manufacturing of instant beverage premixes and delivery

Our Group has the capability to provide end-to-end solutions to customers pertaining to the manufacturing of instant beverage premixes, where our services range from the development of product formulations, sourcing of supplies, to manufacturing of products, and finally the delivery of products to our customers' premise. Further details on our end-to-end solutions are set out in Section 6.6. Our end-to-end solutions are customised to individual customer needs and with that, we are able to support our customers throughout the whole operational process of manufacturing instant beverage premixes. Hence, it enables the optimisation of efficiency as customers do not need to source for multiple suppliers, and it gives our customers the convenience of outsourcing their manufacturing process to us. With this, our customers will also be able to focus their resources on branding, sales and marketing for onward sale of the manufactured instant beverage premixes to consumers.

Further, as our manufacturing processes are certified Halal by JAKIM, all products manufactured in our factory will be entitled for Halal certification upon registering product formulations with JAKIM. In addition, to provide our customers with enhanced convenience, we also assist our customers to oversee the application of COA as well as CFS, Health Certificate and CoO that are required for export purposes. Our ability to provide end-to-end solutions including certificates application services has been crucial to our Group as it enables us to maintain long term business relationships with existing customers and to secure new customers, both locally and overseas.

6. INFORMATION ON OUR GROUP (Cont'd)

6.8.3 We have an established track record of long-standing relationships with our notable customers

Over the years, our Group has established long-standing relationships with our customers. As at the LPD, among the notable customers that have been with our Group for more than 10 years are as follows:

Customers / Years of business relationship	Revenue contribution									
	FYE 2018		FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Amway (M) Sdn Bhd / 16	445	1.36	496	1.57	519	1.32	909	1.54	414	1.19
Hai-O Enterprise Berhad / 15	18,279	55.95	14,315	45.16	12,222	31.04	11,185	18.93	6,718	19.28
Lotuss Stores (Malaysia) Sdn Bhd / 15	1,040	3.18	1,465	4.62	2,001	5.08	2,101	3.56	987	2.83
TDC Avenue Sdn Bhd / 14	2,074	6.35	4,323	13.64	15,172	38.54	33,564	56.82	15,789	45.31
Econsave Cash & Carry Sdn Bhd / 13	766	2.35	821	2.59	817	2.07	667	1.13	331	0.95
Revenue generated from notable customers	22,605	69.19	21,420	67.58	30,731	78.05	48,426	81.98	24,239	69.56
Total revenue	32,670	100.00	31,696	100.00	39,373	100.00	59,072	100.00	34,843	100.00

Our ability to maintain long term relationships with our customers is attributed to our capability in manufacturing instant beverage premixes that meet our customers' requirements and standards, which are in accordance to internationally recognised quality and food safety standards such as HACCP and FSSC 22000.

Our long-term relationships with the aforementioned notable customers have allowed us to develop our reputation in the instant beverage premix industry. Given that these notable customers have established and well-known brand names, we have been able to leverage on our customer's branding to promote our instant beverage premix manufacturing services. Our Group believes that this will aid in enhancing our credibility to market our services to potential customers which may in turn contribute positively to our Group's financial performance and continue to propel us forward as our business expands.

6.8.4 We are accredited with various certifications as a testament of our manufacturing compliance to internationally recognised 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 instant beverage premixes. Among the certifications that we have received are HACCP, FSSC 22000, MeSTI and GMP. Our manufacturing facility is also registered with the US FDA, allowing us to export our instant beverage premixes to the USA. The HACCP, FSSC 22000 and GMP are internationally recognised certifications and thus, provide confidence to our customers on the reliability and compliance of our manufacturing services. Further, our manufacturing facility and processes have been inspected and certified Halal by JAKIM. This enables us to

6. INFORMATION ON OUR GROUP (Cont'd)

manufacture Halal certified products for third party brand owners to cater to the Halal market, both in Malaysia as well as overseas.

Due to the nature of our business where our Group places strong emphasis on the quality and safety of food products manufactured in our factory, such certificates and accreditations 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 instant beverage premix manufacturing services. Given that we are able to meet quality related prerequisites, we believe that we have a strong foundation and are well-positioned to further grow manufacturing services business in the local and export markets.

6.8.5 We have an experienced and hands-on management team

Our management team have accumulated years of experience in their respective field and key expertise, industry experience and in-depth knowledge of our business operations. Through their leadership, we have established our industry reputation as evidenced by our capability to manufacture products that are of quality and safe for our customers. The industry reputation that we have established over the years has also been instrumental to our Group in securing new customers and maintaining business relationships with existing customers.

Our Executive Deputy Chairman, Dato' Ean Yong Tin Sin; Executive Director/Chief Executive Officer, Ean Yong Hien Voon; and Executive Director, Ean Yong Hen Loen, with their vast working experience in instant beverage premix industry of over 29 years, 20 years and 10 years, respectively, and in-depth industry knowledge is instrumental in determining the overall strategic direction and business development of our Group. They are supported by the following key senior management:

Name	Designation	Years of relevant working experience
Ngooi Sok Ling	Chief Financial Officer	29
Ean Yong Hien Chal	Production Manager	17
Tok Ai Mei	Quality Assurance and Quality Control Manager	17

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

6.9 SEASONAL OR CYCLICAL EFFECTS

We do not experience any material seasonality or cyclicity in our business as the demand for our products and services are neither subject to seasonal fluctuations nor cyclical variations.

6. INFORMATION ON OUR GROUP (Cont'd)
6.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our purchases primarily comprise food ingredients and packaging materials, as follows:

Category	Countries	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Food ingredients									
Milk powder	Malaysia	485	2.74	992	5.19	4,122	18.54	8,850	24.77
Creamer	Malaysia	5,435	30.74	4,962	25.97	3,684	16.57	4,016	11.24
Colostrum powder	Malaysia	445	2.52	1,079	5.65	3,584	16.12	7,714	21.59
Coffee powder	Malaysia India, Brazil and Vietnam	4,867	27.53	4,577	23.95	3,490	15.69	3,668	10.27
Sugar	Malaysia	1,254	7.09	1,198	6.27	1,110	4.99	1,255	3.51
Calcium powder	Malaysia	53	0.30	97	0.51	372	1.67	712	2.00
Tea powder	Malaysia	170	0.96	205	1.07	356	1.60	325	0.91
Maltodextrin	Malaysia and China	474	2.68	441	2.31	317	1.43	241	0.67
Flavouring	Malaysia and Singapore	271	1.53	303	1.59	354	1.59	459	1.28
Cocoa powder	Malaysia	104	0.59	99	0.52	131	0.59	100	0.28
Stabiliser	Malaysia	100	0.57	28	0.15	36	0.16	50	0.14
Others ⁽¹⁾	Malaysia and USA	174	0.98	219	1.14	277	1.25	992	2.78
		13,832	78.23	14,200	74.32	17,833	80.20	28,382	79.44
Packaging materials									
Sachet foils	Malaysia and China	2,100	11.88	2,722	14.24	2,019	9.08	2,810	7.86
Corrugated boxes ⁽²⁾	Malaysia	715	4.04	965	5.05	1,328	5.97	3,286	9.20
Packing bags	Malaysia and China	305	1.72	484	2.53	286	1.29	389	1.09
Shrink films and bags/stretch films	Malaysia	106	0.60	88	0.46	145	0.65	110	0.31
Others ⁽³⁾	Malaysia	337	1.91	337	1.76	423	1.90	409	1.15
		3,563	20.15	4,596	24.04	4,201	18.89	7,004	19.61
Others									
Aloe vera gels	USA	134	0.76	202	1.06	52	0.23	166	0.46
Subcontracted packing services	Malaysia	152	0.86	111	0.58	151	0.68	176	0.49
		286	1.62	313	1.64	203	0.91	342	0.95
		17,681	100.00	19,109	100.00	22,237	100.00	35,728	100.00

Category	Countries	FPE 2021		FPE 2022	
		RM'000	%	RM'000	%
Food ingredients					
Milk powder	Malaysia	4,890	26.97	4,186	16.97
Creamer	Malaysia	1,534	8.46	3,432	13.92
Colostrum powder	Malaysia	4,528	24.97	3,529	14.31
Coffee powder	Malaysia India, Brazil and Vietnam	2,028	11.19	3,228	13.09
Sugar	Malaysia	502	2.77	1,175	4.76

6. INFORMATION ON OUR GROUP (Cont'd)

Category	Countries	FPE 2021		FPE 2022	
		RM'000	%	RM'000	%
Calcium powder	Malaysia	458	2.53	173	0.70
Tea powder	Malaysia	120	0.66	190	0.77
Maltodextrin	Malaysia and China	125	0.69	219	0.89
Flavouring	Malaysia and Singapore	210	1.16	187	0.76
Cocoa powder	Malaysia	42	0.23	81	0.33
Stabiliser	Malaysia	22	0.12	28	0.11
Others ⁽¹⁾	Malaysia and USA	138	0.76	1,563	6.34
		14,597	80.51	17,991	72.95
Packaging materials					
Sachet foils	Malaysia and China	2,597	14.32	5,293	21.46
Corrugated boxes ⁽²⁾	Malaysia	347	1.91	627	2.54
Packing bags	Malaysia and China	252	1.39	280	1.14
Shrink films and bags/stretch films	Malaysia	68	0.38	59	0.24
Others ⁽³⁾	Malaysia	116	0.64	83	0.34
		3,380	18.64	6,342	25.72
Others					
Aloe vera gels	USA	129	0.71	61	0.25
Subcontracted packing services	Malaysia	25	0.14	266	1.08
		154	0.85	327	1.33
		18,131	100.00	24,660	100.00

Notes:

- (1) Comprise of chia seeds, fish collagen, goat milk powder, prune extract, psyllium husk powder, red beet root juice powder, soya bean powder, sweetener, whey powder and whey protein concentrate.
- (2) Comprise of packing boxes and cartons.
- (3) Comprise of cylinder charges, oxygen absorber, plastic bag/cup/spoon, printing cost, printing ink and stickers.

Save as disclosed in Section 6.7.4, our Group has not encountered any major disruptions in the purchase of food ingredients and packaging materials in the past 4 FYEs 2018 to 2021 and FPE 2022. During FPE 2022, we recorded lower GP margin as compared to FPE 2021 which was due to the increase in cost of supplies namely coffee powder, milk powder, creamer, sugar and sachet foils. Kindly refer to Section 8.1.1 on the reasons leading to such increase in cost of supplies.

Food ingredients are generally readily available and can be easily sourced locally and overseas as there are many alternative suppliers available in the market. Nevertheless, the product profile 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 we may not be able to achieve the similar taste profile in our

6. INFORMATION ON OUR GROUP (Cont'd)

instant beverage premixes. Some of our customers may also provide us food ingredients to be used in the manufacturing of instant beverage premixes.

The prices of coffee powder, milk powder, creamer and sugar are subject to fluctuations according to the global commodity prices. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost of food ingredient to our customers. In the event that we are unable to pass on any increase in these costs, we will provide our customers with 3 months advanced notice on the changes in prices and upon agreement, new purchase orders with the adjusted pricing will be issued for future orders. The ingredient of our body care product, namely aloe vera gels is currently sourced from an overseas supplier.

Packaging materials are generally readily available and can be easily sourced locally and overseas as there are many alternative suppliers available in the market. Prices of packaging materials such as sachet foils are also subject to fluctuations. To manage the fluctuations of the prices of sachet foils, we requested forecast order information from our customers and purchase the sachet foils in advance when the prices of sachet foils are low. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost of packaging materials to our customers. The inventory policy adopted by our Group is on first-in-first out basis and it applies to all raw materials.

For imported coffee powder, we maintain sufficient inventory to cater to at least 1 month of production requirements. Upon receiving purchase orders, we stock up inventory to cater to at least 1 month of production requirements for colostrum powder and milk powder, and at least 2 weeks of production requirements for other raw materials.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.11 MARKETING AND DISTRIBUTION CHANNELS

Our Group's sales and marketing team, led by Ean Yong Hen Loen, our Executive Director, is primarily responsible for planning and executing sales and marketing activities, serving existing customers, attending enquiries from potential customers, and preparing new product proposals to existing customers and potential customers. Our Group's sales and marketing activities are as follows:

(i) Trade fairs and exhibitions

Through trade fairs and exhibitions, we are able to introduce our products and services to new markets, build customer relations 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 follows:

Year	Trade fair/exhibition	Organiser	Location
February 2017	Gulfood 2017 Dubai	Dubai World Trade Center LLC	Dubai, United Arab Emirates
September 2018	China-ASEAN Exposition Fair	China-ASEAN Expo Secretariat	Guangxi, China
November 2019	China International Import Expo 2019	Ministry of Commerce of the People's Republic of China and National Exhibition and Convention Center (Shanghai) Co Ltd	Shanghai, China
December 2019	2019 Shanghai Private Label Fair	Private Label Specialty Committee of Shanghai Licensing Association	Shanghai, China

In view of the COVID-19 pandemic, we have cancelled our participation in trade fairs and exhibitions that was originally planned in 2020 namely, "World of Private Label International Trade Show" in Amsterdam, Netherlands and "Private Label & OEM Trade Show JAPAN 2020" in Tokyo, Japan; and did not participate in any trade fair and exhibition in 2021. Our Group has also put on hold plans to participate in trade fairs and exhibitions in 2022 and we plan to resume such participation in 2023, subject to the development of the COVID-19 pandemic. Further details on the trade fairs and exhibitions identified for participation in 2023 are set out in Section 6.19.4.

(ii) Direct approach and referral

We secure new customers through direct contact with potential customers. Our sales and marketing team constantly observes the development in the instant beverage premix industry to keep our Group up-to-date with the constant change in consumers' preference and demand, as well as collecting market information to identify any potential customers. By keeping abreast with industry updates, we are able to leverage on our expertise in proposing new formulations to secure potential customers to acquire our services as well as to market our house brand.

6. INFORMATION ON OUR GROUP (Cont'd)

We also secure new customers through referrals from independent agents. These independent agents are engaged by third party brand owners to source for manufacturers for their products. The independent agents will then introduce their customers to us and be entitled to referral fees. The referral fees paid to independent agents for the past FYEs/FPEs is as follows:

	Audited				Unaudited	Audited
	FYE	FYE	FYE	FYE	FPE	FPE
	2018	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Referral fees paid	304	113	310	186	75	-
No. of independent agents	5	5	4	3	1	-

These independent agents are not related party to our Group. We are not dependent on the independent agents as we have our in-house sales and marketing team to carry out sales and marketing activities as well as after sales service to build and maintain relationship with new and existing customers.

Further, we regularly obtain feedback from our customers to better understand latest market trends and customers' preferences.

(iii) Advertising activities for house brands

As at the LPD, our group leverages on e-commerce platforms such as Lazada and Shopee to advertise and market our house brands, namely *EveryDay* and *BrogaHill*, as well as to enhance our brand presences.

We also conduct online advertising and marketing activities of our house brands through Facebook postings, Facebook Ads, Google Display Ads, and MobilePush campaigns. Moving forward, we will continue to explore and engage in different advertising and marketing activities that are suited to the latest consumer trend to expand our brand presence.







(iv) Corporate and brand website

We have established a corporate website at <http://www.orgabio.com/> which provides immediate searchable information on our Group as well as the details on our products and services. We utilise search engine optimisation services to increase the visibility of our corporate website to attract potential customers. In addition, we have also established website for our house brand, *EveryDay* and *BrogaHill* at <http://everydaycoffee.com.my/>.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.12 INTELLECTUAL PROPERTIES**

Save for the trademarks disclosed below, we have not registered any brand names, patents, industrial design or other intellectual property rights:

No.	Trademark no. / Registered owner	Design/Mark	Validity	Place of registration
(i) ⁽¹⁾	07006967 / Orgabio Manufacturing		19 April 2007 to 19 April 2027	Malaysia
(ii) ⁽¹⁾	09019418 / Orgabio Manufacturing		4 November 2009 to 4 November 2029	Malaysia
(iii) ⁽¹⁾	07020876 / Orgabio Manufacturing		25 October 2007 to 25 October 2027	Malaysia
(iv)	42446107 / Everyday F&B		19 November 2019 to 27 September 2030	China
(v)	TM2019040319 / Everyday F&B		4 November 2019 to 4 November 2029	Malaysia
(vi)	50414 / Everyday F&B		14 January 2019 to 14 January 2029	Brunei ⁽²⁾
(vii)	TM2020025900 / Orgabio Manufacturing		4 November 2020 to 4 November 2030	Malaysia
(viii)	TM2021006995 / Everyday F&B		- ⁽³⁾	Malaysia

Notes:

- (1) As at the LPD, we are no longer selling these products.
- (2) We registered the *EveryDay* trademark in Brunei with the intention to expand our market presence in Brunei. As at the LPD, we did not record any sale to Brunei.
- (3) The initial application for this trademark was made on 12 March 2021. The initial application was however rejected on 31 December 2021. Our trademark agent had informed that our *EveryDay* trademark is similar to trademarks registered by others and as such was rejected. We had on 25 February 2022 submitted an appeal to the Intellectual Property Corporation of Malaysia, of which the same is still in process as at the LPD. Our trademark agent had informed that the Intellectual Property Corporation of Malaysia may take about 2 to 4 years to re-examine the application. Our Group's business and profitability is not materially dependent on the registration of this trademark.

6. INFORMATION ON OUR GROUP (Cont'd)

Our Group protects the confidentiality of our product formulations by strictly limiting the disclosure of the formulations to our Executive Directors. Our employees (excluding Executive Directors) who are involved in product development or manufacturing have limited access to the formulation. Hence, these employees are subject to non-disclosure agreements for purpose of protecting confidentiality of our Group's product formulations.

6.13 LICENCES AND PERMITS

Save as disclosed below, there are no other licences and permits which our Group is materially dependent on for our business or profitability as at the LPD:

	Licencee Issuing authority Registration no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
(i)	Orgabio Manufacturing MITI / A021780- /A038034	13 August 2020 / N/A	Manufacturing Licence ⁽¹⁾	(i) MITI and MIDA have to be informed on any change in its existing shareholders or their respective shareholdings. (ii) 80% of the workforce has to be local by 31 December 2022.	Noted Refer to note (2) below
(ii)	Orgabio Manufacturing MOH / Certificate no. 78/B/000118-012014(03)	27 December 2021 / 21 December 2024	MeSTI Certificate	Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action.	Noted
(iii)	Orgabio Manufacturing / MOH / Certificate no. 78-O6-00883	22 December 2021 / 21 December 2024	Good Manufacturing Practice (GMP) Certificate	Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action.	Noted
(iv)	Orgabio Manufacturing MOH / Certificate no. 53-O10-02056	22 December 2021 / 21 December 2024	Hazard Analysis and Critical Control Point (HACCP) Certificate	Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action.	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

Licencee Issuing authority Registration no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
(v) Orgabio Manufacturing/ Jabatan Agama Islam Selangor / JAKIM.700-2/3/8 020-12/2006	16 June 2021 / 15 June 2024	Halal Certificate	Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Director General of Department of Islamic Development of Malaysia (JAKIM) for further action.	Noted
(vi) Orgabio Manufacturing/ Jabatan Agama Islam Selangor / JAKIM.700-2/3/1 020-12/2006	16 February 2022 / 15 February 2024	Halal Certificate (on Products)	Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Director General of Department of Islamic Development of Malaysia (JAKIM) for further action.	Noted
(vii) Orgabio Manufacturing/ Intertek Certification Limited/ 14161909001	23 March 2022 / 27 February 2023	Food Safety System Certification (FSSC) 22000	Not applicable	Not applicable
(viii) Orgabio Manufacturing/ Registrar Corp of US/ 16023994450	3 August 2021 / 31 December 2022 ⁽³⁾	United States Food and Drug Administration (US FDA)	Not applicable	Not applicable

Notes:

(1) Orgabio Manufacturing obtained an exemption from procuring the manufacturing licence letter dated 7 June 2012 from MIDA as Orgabio Manufacturing's shareholders' fund was less than RM2.50 million and it had less than 75 full time employees at that point in time.

Upon having met the foregoing requirements, Orgabio Manufacturing made an application for the MITI License on 24 January 2019. On 14 March 2019, Orgabio Manufacturing procured its MITI License for the production of "Premix Coffee, Premix Tea, Premix Hot Chocolate and Colostrum Milk". On 13 August 2020, the products under the MITI License was updated to "Non-alcoholic beverages".

(2) This condition has yet to take effect and is to be complied by 31 December 2022. If we fail to satisfy this condition by 31 December 2022 and is unable to obtain any extension of time to comply with this requirement, our manufacturing licence maybe revoked.

6. INFORMATION ON OUR GROUP (Cont'd)

If our manufacturing licence was revoked, we are not allowed to carry out manufacturing activities. Therefore, we will not be able to generate any revenue and our financial performance will be negatively affected.

As at the LPD, 61.04% of Orgabio Manufacturing's employees are local workers. In order to fulfil this condition, we will increase the hiring of local workers and reduce the hiring additional foreign workers.

(3) The renewal for the US FDA licence shall be submitted by September 2022.

6.14 PRODUCT DEVELOPMENT

Our product development activities primarily revolve around efforts in developing new product formulations, and improving or enhancing existing product formulations to cater to consumers' changing preferences for instant beverage premixes. It also includes keeping abreast with latest market trends and experimenting with new food ingredients. Further, our network of food ingredient suppliers has been crucial in supporting our product development activities as it determines our access to the variety of food ingredients available to develop new product formulations.

Our product development initiatives are as follows:

New product developed	Description	Year commenced development	Actual/ target completion year
Past product development achievements			
Low glycemic index (GI) formulated coffee premix	Coffee premix formulated with low GI content to produce lower peak blood glucose level and total glycemic response as compared to standard sugar.	2016	2016 ⁽¹⁾
Low GI formulated dietary meal replacement	Dietary meal replacement formulated with low GI content to produce lower peak blood glucose level and total glycemic response as compared to standard sugar.	2018	2019 ⁽²⁾
Low glycemic response (GR) formulated dietary fruit juice powder drink	Dietary fruit juice powder drink formulated with low GR content to produce lower peak blood glucose level and total glycemic response as compared to standard sugar.	2018	2019 ⁽³⁾
Ice coffee and tea premix	Iced-coffee premix and iced-tea premix formulated with contents that are soluble in cold water.	2020	September 2021 ⁽⁴⁾
Current product development activities			
Low GI formulated tea premix, chocolate premix and oat cereal premix	Coffee premix formulated with low GI content to produce lower peak blood glucose level and total glycemic response as compared to standard sugar.	2020	October 2022

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Certified by the Glycemic Index Research Unit of Temasek Polytechnic Singapore on 16 August 2016.
- (2) Certified by the Glycemic Index Research Unit of Temasek Polytechnic Singapore on 30 May 2019.
- (3) Certified by the Glycemic Index Research Unit of Temasek Polytechnic Singapore on 13 June 2019.
- (4) We develop the ice coffee and tea premixes based on feedback gathered from customers. To market the ice coffee and tea premixes, we have undertaken marketing efforts such as providing samples to customers to test the ice coffee and tea premixes. The ice coffee and tea premixes will be commercialised as and when we receive orders from customers.

The certification from Glycemic Index Research Unit is not mandatory before any new low GI product developed is commercialised. It is our initiative to certify our low GI products from an accredited test facility (i.e. Glycemic Index Research Unit of Temasek Polytechnic Singapore) which is recognised by the Glycemic Index Foundation to ascertain our low GI product formulation before commercialising our low GI instant beverage premixes.

All expenses incurred for our product development activities are expensed off as part of our cost of sales as the food ingredient costs are not material.

As part of our Group's continuous enhancement effort in expanding the range of product formulations that we can offer to our customers, we will continue to actively engage in product development activities. Our Group believes that by increasing our range of product formulation offerings, we will be well-positioned to capture market opportunities arising from consumer demand and to expand our market presence.

6.15 QUALITY ASSURANCE/CONTROL MANAGEMENT AND TECHNOLOGY USED

6.15.1 Quality assurance and quality control procedures

Our Group places strong emphasis on the safety of all products manufactured in our factory and our quality assurance and quality control team (comprising 8 employees) is led by Tok Ai Mei, our Quality Assurance and Quality Control Manager. 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. We have adopted stringent internal quality management assurance policy to ensure that our products are consistently safe for consumption.

In order to ensure that the quality and safety of our products are upheld, quality control procedures are incorporated into our formulation, sourcing and manufacturing processes as follows:

Objective	Criteria	Description
Quality control check on newly formulated products	<p><u>Internal: Quality control test</u></p> <ul style="list-style-type: none"> • Visual and sensory test 	<ul style="list-style-type: none"> • To evaluate the acceptability of the sample in terms of appearance, taste, scent and texture (i.e. mouthfeel).

6. INFORMATION ON OUR GROUP (Cont'd)

Objective	Criteria	Description
	<ul style="list-style-type: none"> • pH value test • Brix value 	<ul style="list-style-type: none"> • To determine the acidity/alkalinity of the sample. • To determine sugar content of the compound.
	<u>External: Quality control test⁽¹⁾</u>	
Quality control check on in-coming supplies	<ul style="list-style-type: none"> • Nutrition test 	<ul style="list-style-type: none"> • To determine the nutrition values (e.g. energy, fat, carbohydrate, and protein content) of the sample.
	<u>Internal: Quality control inspection on food ingredients</u>	
	<ul style="list-style-type: none"> • Quantity and weight • Packing condition • Physical appearance • Colour and odour 	<ul style="list-style-type: none"> • To ensure the quantity and weight of food ingredients is in accordance with the delivery order. • To ensure that there are no damages on the packing bag of the food ingredients. • To ensure the labelled parameters of the food ingredients are within the required specifications and expiry date. • To ensure the colour and odour of the food ingredients are within standard expectation.
	<u>Internal: Quality control inspection on packaging materials</u>	
	<ul style="list-style-type: none"> • Quantity • Packaging condition • Physical appearance 	<ul style="list-style-type: none"> • To ensure the quantity of the packaging materials is in accordance with the delivery order. • To ensure that there are no damages on the packaging materials. • To ensure correct printing of the packaging materials.
	<u>Internal: Quality control inspection</u>	
Quality control check on manufacturing processes	<ul style="list-style-type: none"> • Weighing • Sieving • Visual and sensory test • pH value test • Brix value • Metal detection 	<ul style="list-style-type: none"> • To ensure the selected food ingredients are weighed as per the proportion indicated in the product formulation. • To ensure that there are no foreign particles of size exceeding 5mm in the food ingredients after sieving. • To evaluate the acceptability of the mixture in terms of appearance, taste, scent and texture (i.e. mouthfeel) upon blending. • To determine the acidity/alkalinity of the mixture upon blending. • To determine the sugar content of the mixture upon blending. • To ensure that there are no metal particles present in the mixture after passing through the magnet. If metal particles are found present in the mixture, tracing of food ingredients will be conducted to remove the contaminated batch.

6. INFORMATION ON OUR GROUP (Cont'd)

Objective	Criteria	Description
	<ul style="list-style-type: none"> Uniformity of premix weight Visual water test Quality of printing on sachets Appearance of packing boxes/bags and cartons 	<ul style="list-style-type: none"> A 30-minute interval of sample testing to ensure that the weight of sachets is in accordance with the specification. A 1-hour interval of sample testing to ensure that there are no defects in the sealing of sachets. To ensure clear and legible printing of batch number, manufacturing date and/or expiry date on the sachets. To ensure the weight of packing boxes/bags and cartons is in accordance to specification; organised arrangement of sachets and packing boxes/bags; no defects in the sealing of packing boxes/bags; and clear and legible printing of batch numbers, manufacturing date and/or expiry date on the packing boxes/bags and cartons.
	<ul style="list-style-type: none"> Delivery 	<ul style="list-style-type: none"> To ensure the quantity of products for delivery is in accordance with the purchase order and that there no damages on the cartons.
Quality control check on manufactured products	External quality control test ⁽¹⁾ <ul style="list-style-type: none"> Microbiological test Heavy metal test Mycological test 	<ul style="list-style-type: none"> To observe sample under microscope to ensure the absence of contamination from yeast, mould and other bacteria. To ensure no heavy metal (i.e. antimony, arsenic, cadmium, lead and mercury) are present. To observe sample under microscope to ensure the absence of contamination from fungi.

Note:

⁽¹⁾ External quality control tests are outsourced to third party laboratories, accredited under the Laboratory Accreditation Scheme of Malaysia.

6.15.2 Technology used

Due to the nature of our business as an instant beverage premix manufacturer, we do not utilise any particular technology in our manufacturing activities.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.16 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries during the past 4 FYEs 2018 to 2021, FPE 2022 and up to the date of this Prospectus:

- (i) Sale and Purchase Agreement dated 4 July 2017 entered into between Orgabio Manufacturing and Midas Dragon Sdn Bhd for the acquisition of Semenyih Land for a total consideration of RM8.28 million, which was completed on 19 October 2017.
- (ii) Sale and purchase agreement dated 5 March 2020 entered into between Orgabio Manufacturing and Dima Mazlina @ Siti Aishah Binti Abu Bakar for the acquisition of 1 unit double storey terrace house erected thereon bearing postal address at No. 16, Jalan Kesuma 1/14, Bandar Tasik Kesuma, 43700 Beranang Selangor for a total consideration of RM0.34 million, which was completed on 11 January 2021.
- (iii) The share sale agreement dated 12 March 2021 entered into between our Company and Ean Yong & Sons, our Promoter for the Acquisition of Subsidiaries. The Acquisition of Subsidiaries was completed on 28 August 2021.
- (iv) The Cornerstone Investment Agreement dated 22 March 2021 (which was varied via the exchange of letters dated 15 September 2021 and 15 April 2022) entered into between our Company and Hai-O Enterprise Berhad, the Cornerstone Investor, wherein Hai-O Enterprise Berhad agreed to subscribe for 24,786,800 IPO Shares ("Investor Shares"), representing 10.0% of our total enlarged share capital at the IPO Price (or such other sum based on the issue price of the IPO Shares stated in the Prospectus which shall not be more than 15% variation). The Cornerstone Investment Agreement is conditional upon approval from Bursa Securities for the IPO, registration of the Prospectus with the SC and lodgement of Prospectus with the ROC. The IPO Shares subscribed under the Cornerstone Investment Agreement is subject to a 6 months moratorium as set out in Section 2.2.2.

The salient terms of the Cornerstone Investment Agreement are as follows:

- 1.1 The Cornerstone Investor shall pay the Cornerstone Price for the subscription of the Investor Shares, and the Company shall allot and issue the Investor Shares to the Cornerstone Investor.
- 1.2 Cornerstone Price is based on the IPO Price. Any variation on the Cornerstone Price within 15% can be varied without written consent from the Cornerstone Investor whereas any variation beyond the said band would require the Cornerstone Investor's consent.
- 1.3 The Cornerstone Investment Agreement is conditional upon the following being fulfilled within 6 months from the date of the agreement ("Conditional Period"):
 - (a) Bursa Securities having approved the Listing; and
 - (b) The registration of the Prospectus with the SC, the lodgement of the Prospectus with the ROC and the issuance of the Prospectus.
- 1.4 If the conditions precedent have not been fulfilled within the Conditional Period, the Cornerstone Investment Agreement will terminate and be of no effect and the parties shall have no claims against each other. The

6. INFORMATION ON OUR GROUP (Cont'd)

Conditional Period may be extended as mutually agreed by the parties in writing.

1.5 The Cornerstone Investor will not, directly or indirectly, at any time during the period of 6 months from the Listing date:

- (a) Dispose of, in any way, any Investor Shares or any interest in any company or entity holding any Investor Shares;
- (b) Allow itself to undergo a change of control at the level of ultimate beneficial owner save and except for the proposed internal reorganisation by way of a members' scheme of arrangement under Section 366 of Companies Act 2016 to be undertaken by the Cornerstone Investor as announced on Bursa Securities website on 19 January 2021; and/or
- (c) Enter into any transactions that directly or indirectly with the same economic effect as any aforesaid transactions.

1.6 Upon the occurrence of any event of default which includes breach of obligations by either party under the agreement; winding up proceedings is instituted against any companies within our Group or the Cornerstone Investor; or it becomes unlawful at any time for either party to perform all or any of its obligations under this agreement or due to the fault or omission of either party, the following shall occur:

- (a) In the event that the defaulting party is our Company, the Cornerstone Investor shall be entitled to the remedy of specific performance against our Company and to all reliefs flowing therefrom; or to terminate this agreement and sue for damages; or
- (b) In the event that the defaulting party is the Cornerstone Investor, our Company shall be entitled to the remedy of specific performance against the Cornerstone Investor and to all reliefs flowing therefrom; or to terminate this agreement and sue for damages; and
- (c) This agreement shall remain in force and binding upon the parties until such time all the duties and obligations of the parties under this agreement has been fulfilled or where this agreement is terminated in accordance with its provisions.

In the letter dated 15 September 2021, the Cornerstone Investor had agreed that the number of IPO Shares to be subscribed shall be 24,786,800 IPO Shares and shall be subscribed at the IPO Price.

In the letter dated 15 April 2022, the conditional period under the Cornerstone Investment Agreement was mutually extended to 30 September 2022.

- (v) The underwriting agreement dated 30 September 2021 (which was varied via an exchange of letter dated 28 December 2021) entered into between our Company and M&A Securities for an underwriting of 18,590,100 Issue Shares as set out in Section 4.11.1 of this Prospectus. Please refer to Section 4.12 of this Prospectus for the salient terms of the Underwriting Agreement.

6. INFORMATION ON OUR GROUP (Cont'd)

6.17 MATERIAL PROPERTIES OF OUR GROUP

6.17.1 Properties owned by our Group

Details of the properties owned by our Group as at the LPD are as follows:

Details	Purpose	Reference	NBV as at 31 December 2021 (RM)
(1) Beranang Factory	For our existing manufacturing operations	Section 6.17.1(i)	2,945,170
(2) Semenyih Land	Land held for construction of our new factory	Section 6.17.1(ii)	7,840,000
(3) 4 units of terrace houses	Workers' hostels	Sections 6.17.1(iii), (iv), (v) and (vi)	1,248,559 (4 units)
(4) 2 units of factories	Warehouse for our operations	Sections 6.17.1(vii) and (viii)	1,361,304 (2 units)
(5) 1 unit of shoptot	For investment purposes	Section 6.17.1(ix)	1,407,393
			14,802,426

(i) Beranang Factory

Particulars of title / Address : Geran 236022, Lot 11288, Mukim of Beranang, District of Ulu Langat, State of Selangor / No. 11, Jalan Kesuma 2/3, Bandar Tasik Kesuma, 43700 Beranang, Selangor

Registered proprietor : Orgapharma Herbal

Land area based on title : 57,619 sq ft

Tenure / category of land use : Freehold / Industrial

6. INFORMATION ON OUR GROUP (Cont'd)

Description, existing use and age of building : The property comprises a single storey detached factory annexed with 2-storey offices with a guard house. The factory has a built-up area of 31,894.27 sq ft. The age of the building is 18 years.

As at the LPD, it is used as our factory and office.

NBV : RM2,945,170 as at 31 December 2021

Certificate of Fitness for Occupation : Certificate of Fitness for Occupation issued by Majlis Perbandaran Kajang dated 26 May 2004
Occupation

Encumbrances : Charged to United Overseas Bank (Malaysia) Bhd

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(ii) Semenyih Land

Particulars of title / Address : HS(M) 8079, PT No. 29951, Tempat Bangi, Mukim of Semenyih, District of Hulu Langat, State of Selangor / Lot 29951, HSM 8079, Jalan Bangi, Mukim Semenyih, 43500 Semenyih, Selangor

Registered proprietor : Orgabio Manufacturing

Land area based on title : 87,123 sq ft

Tenure / category of land use : Freehold / Industrial

Description and existing use : A parcel of vacant industrial land. The land is intended for the construction of our new factory.

NBV : RM7,840,000 as at 31 December 2021

Certificate of Completion and Compliance : Not applicable

Encumbrances : Charged to RHB Bank Berhad

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(iii) No. 14, Jalan Kesuma 1/14, Bandar Tasik Kesuma, 43700 Beranang, Selangor

Particulars of title : Geran 235147 Lot 10632, Mukim of Beranang, District of Hulu Langat, State of Selangor

Registered proprietor : Orgapharma Marketing

Land area based on title : 1,076 sq ft

Tenure / category of land use : Freehold / Residential

Description, existing use and age of building : Double storey terrace house. The property has a built-up area of 1,320 sq ft. The age of the building is 20 years.

As at the LPD, it is used as our workers' hostel.

NBV : RM275,613 as at 31 December 2021

Certificate of Fitness for Occupation issued by Majlis Perbandaran Kajang dated 12 March 2002 and Certificate of Occupation Completion and Compliance dated 20 April 2021

Encumbrances : Charged to Public Bank Berhad

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(iv) No. 20, Jalan Kesuma 1/13, Bandar Tasik Kesuma, 43700 Beranang, Selangor

Particulars of title : Geran 235322 Lot 10706, Mukim of Beranang, District of Hulu Langat, State of Selangor

Registered proprietor : Orgapharma Marketing

Land area based on title : 1,345 sq ft

6. INFORMATION ON OUR GROUP (Cont'd)

Tenure / category of land use : Freehold / Residential

Description, existing use and age of building : Double storey terrace house. The property has a built-up area of 1,847 sq ft. The age of the building is 20 years.
As at the LPD, it is used as our workers' hostel.

NBV : RM275,511 as at 31 December 2021

Certificate of Fitness for Occupation : Certificate of Fitness for Occupation issued by Majlis Perbandaran Kajang dated 12 March 2002 and Certificate of Occupation Completion and Compliance dated 20 April 2021

Encumbrances : Charged to Public Bank Berhad

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(v) No. 29, Jalan Kesuma 1/12, Bandar Tasik Kesuma, 43700 Beranang, Selangor ("No. 29")

Particulars of title : Geran 23546, Lot 10730, Mukim of Beranang, District of Hulu Langat, State of Selangor

Registered proprietor : Orgabio Manufacturing

Land area based on title : 1,076 sq ft

Tenure / category of land use : Freehold / Residential

Description, existing use and age of building : Double storey terrace house. The property has a built-up area of 1,911 sq ft. The age of the building is 20 years.
As at the LPD, it is used as our workers' hostel.

NBV : RM357,435 as at 31 December 2021

Certificate of Fitness for Occupation : Certificate of Fitness for Occupation issued by Majlis Perbandaran Kajang dated 12 March 2002 and Certificate of Occupation Completion and Compliance dated 9 September 2021

Encumbrances : Charged to Maybank Islamic Berhad

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(vi) No. 16, Jalan Kesuma 1/14, Bandar Tasik Kesuma, 43700 Beranang, Selangor

Particulars of title : Geran 127767 PT8998 Mukim of Beranang, District of Hulu Langat, State of Selangor

Registered proprietor : Orgabio Manufacturing

Land area based on title : 1,076 sq ft

Tenure / category of land use : Freehold / Residential

Description, existing use and age of building : Double storey terrace house. The property has a built-up area of 1,500 sq ft. The age of the building is 20 years.

As at the LPD, it is used as our workers' hostel.

NBV : RM340,000 as at 31 December 2021

Certificate of Fitness for Occupation : Certificate of Fitness for Occupation issued by Majlis Perbandaran Kajang dated 12 March 2002

Encumbrances : Charged to Maybank Islamic Berhad

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(vii) Lot 6, Project Kawasan Perindustrian Ringan Mantin, No. 24, Jalan KPRM 1, Kawasan Perindustrian Ringan Mantin, 71700 Negeri Sembilan

Particulars of title : HSM 6390 PT32955 Tempat Setul, Mukim of Setul, State of Negeri Sembilan

Registered proprietor : Orgabio Manufacturing

Land area based on title : 2,700 sq ft

6. INFORMATION ON OUR GROUP (Cont'd)

Tenure / category of land use	:	Freehold / Industrial
Description, existing use and age of building	:	Single storey terrace factory with a guard house. The factory has a built-up area of 2,700 sq ft. The age of the building is 5 years.
NBV	:	As at the LPD, it is used as our Group's warehouse. RM572,748 as at 31 December 2021
Certificate of Completion and Compliance	:	Certificate of Completion and Compliance issued by Lembaga Arkitek Malaysia dated 11 December 2017
Encumbrances	:	Charged to Maybank Islamic Berhad

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(viii) Lot 7, Project Kawasan Perindustrian Ringan Mantin, No. 25, Jalan KPRM 1, Kawasan Perindustrian Ringan Mantin, 71700 Negeri Sembilan

Particulars of title	:	HSM 6389 PT32954 Tempat Setul, Mukim of Setul, State of Negeri Sembilan
Registered proprietor	:	Orgabio Manufacturing
Land area based on title	:	4,033 sq ft
Tenure / category of land use	:	Freehold / Industrial
Description, existing use and age of building	:	Single storey terrace factory with a guard house. The factory has a built-up area of 4,033 sq ft. The age of the building is 5 years.
NBV	:	As at the LPD, it is used as our Group's warehouse. RM788,556 as at 31 December 2021

6. INFORMATION ON OUR GROUP (Cont'd)

Certificate of Completion and Compliance issued by Lembaga Arkitek Malaysia dated 11 December 2017
Compliance

Encumbrances : Charged to Maybank Islamic Berhad

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

(ix) 16-2, Jalan Eco Majestic 9/1B, Eco Majestic, 43500 Semenyih, Selangor

Particulars of title : HS(D) 173129, PT15738, Mukim of Beranang, District of Hulu Langat, State of Selangor

Registered proprietor : Orgapharma Marketing

Land area based on title : 1,916 sq ft

Tenure / category of land use : Freehold / Commercial

Description, existing use and : 2-storey shoplots. The property has a built-up area of 3,833 sq ft. The age of the building is 5 years.
age of building

As at the LPD, it is rented to a third party tenant.

NBV : RM1,407,393 as at 31 December 2021

Certificate of Completion and Compliance issued by Lembaga Arkitek Malaysia dated 21 November 2017
Compliance

Encumbrances : Charged to RHB Bank Berhad

As at the LPD, the above property is not in breached of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

6. INFORMATION ON OUR GROUP (Cont'd)

6.17.2 Properties rented by our Group

Details of properties rented by us as at the LPD are set out below:

No.	Description	Owner / Tenant	Existing Use	Built-up area	Period of tenancy / Rental per annum
1.	Single storey terrace house located at No. 55, Jalan Kesuma 1/5 Bandar Tasik Kesuma, Fasa 7 43700 Beranang Selangor	Tan Chee Kong / Orgabio Manufacturing	Workers' hostel	1,044 sq ft	1 April 2022 to 31 March 2024 / RM5,400.00
2.	Single storey terrace house located at No. 33, Jalan Kesuma 1/5 Bandar Tasik Kesuma, Fasa 7 43700 Beranang Selangor	Ean Yong Hien Voon ⁽¹⁾ / Orgabio Manufacturing	Workers' hostel	1,044 sq ft	1 November 2020 to 31 October 2022 / RM5,400.00

Note:

- (1) Ean Yong Hien Voon is our Executive Director / Chief Executive Officer and a shareholder of our Promoter. The rental of this property is deemed a related party transaction. Our Directors have reviewed this related party transaction and are of the view that this transaction was conducted on an arm's length basis and on competitive commercial terms not more favourable to the related party and were not to the detriment of our minority shareholders.

As at the LPD, the properties rented by our Group are not in breach of any land use or regulatory requirements.

6. INFORMATION ON OUR GROUP (Cont'd)

6.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The following is an overview of the regulatory requirements governing our Group which are material to our business operations:

(i) Industrial Co-Ordination Act 1975 ("ICA")

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. The ICA defines "manufacturing activity" as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade". Manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time paid employees are required to apply for a manufacturing licence.

As at the LPD, our subsidiary, Orgabio Manufacturing, which carries out our manufacturing activity, holds a valid manufacturing licence issued by the MITI.

(ii) Workers' Minimum Standards of Housing and Amenities Act 1990

Pursuant to the Worker's Minimum Standards of Housing and Amenities (Amendment) Act 2019, which amended the Worker's Minimum Standards of Housing And Amenities Act 1990 and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 that came into force on 1 September 2020 ("WMSHA 2019"), employers must comply with the WMSHA 2019, which includes providing minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards.

The WMSHA 2019 further provides that no employer or centralised accommodation provider shall use any buildings as accommodation if the building is unfit for human habitation in accordance with the relevant written laws. The employer or centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards required under WMSHA 2019 or any regulations made thereunder. Based on our assessment, our workers' hostels have met the all the requirements stipulated in the WMSHA 2019 and as such comply with the minimum standards required under Section 4 of Panduan Memohon Perakuan Penginapan di Bawah Seksyen 24D Akta Standard Minimum Perumahan, Penginapan dan Kemudahan Pekerja 1990 (Akta 446), which is a guide issued by the authorities for the application of WMSHA 2019.

Pursuant to the WMSHA 2019, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. WMSHA 2019 provides that an employer who contravenes the WMSHA 2019 commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

We provide accommodation to our employees at 6 terrace houses located within the vicinities of our Beranang Factory. As at the LPD, we have valid Certificate for Accommodation for all 6 locations.

In addition the above, we are also required to obtain the Certificate for Accommodation for new accommodation locations, if any.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) Food Act 1983 ("FA")

The MOH is mandated under the FA to protect the public against health hazards and fraud in the preparation, sale and use of goods. The way food is prepared, packaged, stored, distributed or sold falls within the ambit of the FA.

Pursuant to the Food Hygiene Regulations 2009 ("FHR"), a subsidiary legislation under the FA, no person shall use any food premises for the purposes of preparing, packaging, storing, distributing or sale of any food except where the premises is registered under FHR.

In addition, MOH had established the Pre-Market Approval Branch ("PMA") that is responsible for developing food safety assurance system and ensuring the implementation of food safety assurance by the food industry. The food safety assurance systems under PMA are Hazard Analysis Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and 'Makanan Selamat Tanggungjawab Industri' (MeSTI) Certification Scheme.

As at the LPD, our subsidiary, Orgabio Manufacturing, which carries out our manufacturing activity, holds valid food premise registration, HACCP, GMP and MeSTI certificates issued by the MOH.

(iv) Trade Description Act 2011 ("TDA")

Pursuant to the TDA, a body corporate who applies a false trade description to any goods shall be on conviction, liable to a fine not exceeding RM250,000, and for a second and subsequent offence, to a fine not exceeding RM500,000.

Under the Trade Description (Definition of Halal) Order 2011 and the Trade Description (Certification and Marking of Halal) Order 2011, which forms part of the TDA, the Department of Islamic Development Malaysia (JAKIM) is authorised to certify any food, goods or services as "Halal". Halal certificate issued by JAKIM shows that a product is qualified to be consumed by Muslims, which means that the food or goods does not contain any harmful or any part of matter that was forbidden by the Shariah law.

As at the LPD, our subsidiary, Orgabio Manufacturing, which carries out our manufacturing activity, holds valid Halal Certificates.

(v) Federal Food, Drug and Cosmetic Act ("FDA")

In the US, the FDA governs food produced domestically, as well as food from foreign countries. The objective of the FDA is to ensure that food sold in the US is safe, wholesome and properly labelled. FDA certificate is a basic requirement for domestic and foreign establishments that manufacture or sell food in the USA.

As at the LPD, our subsidiary, Orgabio Manufacturing, which carries out our manufacturing activity, holds a valid certificate of registration issued by the Registrar Corp of US.

6. INFORMATION ON OUR GROUP (Cont'd)

(vi) Food Safety System Certification ("FSSC") 22000

FSSC 22000 is an internationally accepted certification scheme based on a combination of ISO 22000, ISO Technical Standards (for prerequisite programme requirements) and FSSC additional requirements. FSSC 22000 focuses on assuring food safety by defining, evaluating and controlling risks and hazards during processing, manufacturing, packaging, storage, transportation, distribution, handling or offering for sale or supply in any sector of the food chain.

As at the LPD, Orgabio Manufacturing holds valid FSSC 22000 certificate issued by Intertek Certification Limited.

There are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our assets as at LPD.

6.19 BUSINESS STRATEGIES AND PROSPECTS**6.19.1 We intend to increase our manufacturing capacity and enhance the efficiency of our manufacturing through the construction of a new factory**

As at the LPD, our current business and manufacturing activities are carried out at our Beranang Factory. As our Beranang Factory was purchased from the secondary market and was previously used by a different manufacturing industry, we were only able to renovate the interior section of the factory for our manufacturing activities. This limits the amount of space available for renovation to accommodate our machinery. Due to these space constraints and the layout of our Beranang Factory we are not able to optimise the configuration of our current manufacturing flow whereby machines for different stages of the manufacturing process are not aligned in the most efficient manner. This in turn restricts our manufacturing workflow as machines are placed close to one another with limited space for our workers to carry out manual work and to move work-in-progress products from one machine to another through each stage of the manufacturing process. This results in inefficient use of time and manpower to manually manoeuvre our products from one machine to another within limited space. In addition, automation of workflow is limited as our machines cannot be configured into one continuous manufacturing line within the limited space in our Beranang Factory. Further, we are not able to acquire and place more machines in our Beranang Factory which result in us only accepting orders within our current manufacturing capacity.

In view of this, we had in October 2017 completed the purchase of a freehold industrial land measuring approximately 87,123 sq ft in Semenyih, Selangor to construct a new factory on the said land. The cost of the land purchase was RM8.28 million, and it was financed via bank borrowings of RM5.79 million and internally generated funds of RM2.49 million.

By constructing a new factory, we will be able to customise the design for our manufacturing area which, in turn, will allow us to optimise the configuration of our existing machinery and new machinery to be purchased in order to enhance our manufacturing workflow and efficiency. This will allow our manufacturing workflow to be more linear and continuous as compared to our current manufacturing workflow. In the past 4 FYEs 2018 to 2021 and FPE 2022, our Beranang Factory operated at utilisation rates of 83.18%, 70.04%, 70.44%, 84.26% and 73.58%, respectively. This planned increase in manufacturing capacity is to cater for our future business growth where the increased capacity will enable our Group to take on new customers and more large orders arising from our plans to grow our customer base in the direct selling segment, expanding our export sales and expanding the range of product offerings and market presence of our house brands. Kindly refer to Section 6.19.3, Section 6.19.4 and Section 6.19.5 for further details on these business expansion plans.

6. INFORMATION ON OUR GROUP (Cont'd)

Our new factory will have a built-up area of approximately 81,647.38 sq ft. A floor space of approximately 40,289.10 sq ft will be allocated for manufacturing activities, 24,056.80 sq ft for warehousing purposes, 6,469.33 sq ft for loading bays and 8,688.41 sq ft for office space.

(i) Cost of construction

The construction cost of our new factory is estimated at RM18.00 million. The breakdown of the construction cost for our new factory is as follows:

Description	Total estimated cost (RM'000)
Construction works	8,799
Mechanical and engineering works	5,275
Infrastructural works	1,483
Professional fees ⁽¹⁾	250
Authority and utilities	454
Interior fit-out and loose furniture	1,702
Contingencies	37
	18,000

Note:

⁽¹⁾ Comprising project consultation and legal fees.

(ii) Source of funding

The total construction cost of our new factory is estimated at RM18.00 million, of which RM16.00 million of the total construction cost will be funded via IPO proceeds and the remaining RM2.00 million will be funded via internally generated funds. As at the LPD, RM0.42 million has been paid via internally generated funds.

(iii) Approvals required

The approvals required to be obtained from the authorities for the construction of our new factory are as follows:

- (a) The planning permit was submitted to Majlis Perbandaran Kajang on 29 January 2021 and was obtained on 3 February 2022; and
- (b) The building plan was submitted to Majlis Perbandaran Kajang on 29 January 2021 and was obtained on 3 February 2022.

(iv) Indicative timeline

The indicative timeline for the construction of our new factory is as follows:

Timeline	Details
29 January 2021	<ul style="list-style-type: none"> • Submission of planning permit to Majlis Perbandaran Kajang • Submission of building plan to Majlis Perbandaran Kajang

6. INFORMATION ON OUR GROUP (Cont'd)

Timeline	Details
February 2022	<ul style="list-style-type: none"> • Receipt of approved planning permit • Receipt of approved building plan
April 2022	<ul style="list-style-type: none"> • Commencement of construction of new factory
March 2023	<ul style="list-style-type: none"> • Completion of construction of new factory • Purchase of new machinery
July 2023	<ul style="list-style-type: none"> • Certificate of Completion and Compliance obtained • Approval from MITI/MIDA for manufacturing licence obtained • Installation of new machinery • Partial relocation of machinery from Beranang Factory to new factory
August 2023	<ul style="list-style-type: none"> • Commencement of operations • Relocation of remaining machinery from Beranang Factory to the new factory

Upon obtaining the Certificate of Completion and Compliance, we will progressively relocate our existing machinery from our Beranang Factory to the new factory, and we will eventually cease the operation of our Beranang Factory. Similarly, we will also relocate the operations of factories used as our Group's warehouses in Kawasan Perindustrian Ringan Mantin to our new factory. The Beranang Factory and the factories used as our Group's warehouses in Kawasan Perindustrian Ringan Mantin will be rented to third parties which we have yet to identify, at prevailing market rates.

6.19.2 We intend to purchase new machinery to support and enhance the efficiency of our existing manufacturing activities as well as increase our manufacturing capacity

In anticipation of future business growth and expansion, we intend to enhance the efficiency of our existing manufacturing activities and increase our manufacturing capacity to enable our Group to take on opportunities arising from future demand which will in turn contribute to the growth of our financial performance. Hence, we plan to set up an Intermediate Bulk Containers ("IBC") blending system.

Our current blending process in our Beranang Factory is semi-automated whereby blended mixture is transferred manually from the mixer to the filling machine. Further, we are also dependent on manual labour for the cleaning of mixer tanks. Thus, in order to reduce our dependency on manual labour in the transferring process and cleaning process, we intend to automate the process of transferring blended mixtures from the mixer to the filling machine as well as automate the cleaning process. Such automation is expected to enhance efficiency of our manufacturing activities to be in-line with the Government of Malaysia's initiative towards Industry 4.0 which encourages the adoption of automation in manufacturing processes.

We plan to set up the IBC blending system, which is a system that is customised to the requirement of our blending processes. The IBC blending system comprises the following features:

- 10 mixer tanks to perform blending of instant beverage premixes. This IBC blending system is able to produce 10 batches of premixes per hour at an approximate 525

6. INFORMATION ON OUR GROUP (Cont'd)

kilograms per batch, thus increasing our blending capacity from the existing 2,000 kg per hour;

- Auto cleaning of mixer tanks which enable automation of cleaning process; and
- Auto transfer of ready premixes from the mixer to the filling machine. The transfer of premix is enclosed within a confined environment, thus reducing the possibility of contamination and at the same time enhances productivity as compared to manual transfer of premixes.

We plan to purchase 1 unit of IBC blending system to be placed in our new factory. Upon implementation, our Group also estimates that we will be able to reduce our dependency on human labour by 5 workers.

The estimated cost for the acquisition of the IBC blending system is approximately RM2.23 million which shall be financed via IPO proceeds and shall be delivered and installed in our new factory by July 2023.

6.19.3 We plan to grow our customer base in the direct selling segment

In the past 4 FYEs 2018 to 2021 and FPE 2022, our sales to direct selling companies contributed to 66.21%, 61.44%, 71.42%, 80.57% and 70.38% of our Group's revenue. As at the LPD, we have 9 of local direct selling companies as our customers.

We intend to further expand our customer base in the direct selling segment by securing more local and overseas direct selling companies as our customers. By engaging our instant beverage premix manufacturing services, these direct selling companies can leverage on our experience and insights on various blends, taste profiles and preferences which are specific to their target markets to launch new products under their brands. Direct selling companies are able to provide us with high manufacturing volumes, which will in turn enhance the growth of our financial performance and the sustainability of our Group.

We plan to market our services to more direct selling companies through direct approaches and referrals from our existing customers, suppliers and other business associates. We intend to carry this out through more frequent meetings with potential customers, both online while travel restrictions due to the COVID-19 pandemic remains and also face-to-face meetings once travel restrictions are lifted. We also plan to increase our market visibility on the internet through digital marketing initiatives such as search engine optimisation services and enhancing our social media presence.

6.19.4 We plan to continue expanding our export sales

In the past 4 FYEs 2018 to 2021 and FPE 2022, our export sales, comprising revenue from both our manufacturing services and house brands, contributed to 19.02%, 27.11%, 17.32%, 9.95% and 21.90% of our Group's revenue, respectively. Our export markets in the FYEs 2018 to 2021 and FPE 2022 include, amongst others, Singapore, China, Papua New Guinea, United Arab Emirates and Hong Kong.

According to the IMR Report, Malaysia was among the world's top 5 exporters of coffee extracts, which includes instant and coffee premixes, in 2016, and subsequently became a top 3 exporter of coffee extracts in 2017 to 2020. Malaysian coffee extracts were exported globally to 116 countries in 2020. In 2020, based on latest available information, Malaysia was the 3rd largest exporter of coffee extracts globally, accounting for 7.49% (99,073 tonnes) of total global exports of coffee extracts of 1.32 million tonnes.

6. INFORMATION ON OUR GROUP (Cont'd)

With Malaysia being one of the major exporters of coffee extracts, it signifies that Malaysian instant coffee premix manufacturers have strong global reputation and recognition, and hence international customers will continue to seek for coffee products from Malaysia. We intend to leverage on such global reputation and recognition to further expand our export markets through various marketing activities such as participation in overseas trade fairs and exhibitions, direct approaches and referrals, and digital marketing.

In the FYE 2018 and FYE 2019, we participated in international trade fairs and exhibitions as part of our expansion of our export markets. In view of the on-going COVID-19 pandemic, our Group had temporarily put on hold all plans to participate in international trade fairs and exhibitions in 2020, 2021 and 2022. Subject to the development of the COVID-19 pandemic, our Group expects to resume participation in trade fairs and exhibitions in 2023. As at the LPD, we have identified the following trade fairs and exhibitions:

Year	Trade exhibitions and events	Location
2023	Gulfood 2023 Dubai	Dubai, United Arab Emirates
2023	World of Private Label International Trade Show	Amsterdam, Netherlands
2023	2023 Private Label Fair	Shanghai, China

The cost to participate in these trade fairs and exhibitions, comprising participation fees and expenses for booth setup, will be funded through our internally generated funds.

We believe that our participation in these trade fair and exhibitions will aid in enhancing our market presence and visibility as it enables us to showcase our products and services. Additionally, such participation also provides us with opportunities to meet potential customers and keeps us updated on market trends and consumer preferences in the region.

6.19.5 We plan to continue expanding the range of product offerings and market presence of our house brands

Our house brand *EveryDay* was launched in 2016 and *BrogaHill* was launched in 2019. As at the LPD, the range of offerings for our house brands include coffee premixes, tea premixes and/or low GI coffee premixes. Going forward, we plan to launch new instant beverage premixes which include ice coffee and tea premixes, low GI formulated tea premixes, chocolate premixes and oat cereal premixes under new house brands which we plan to introduce.

The development of the ice coffee and tea premixes was completed in September 2021; while the low GI formulated tea premixes, chocolate premixes and oat cereal premixes are currently under product development stages, which are expected to complete by October 2022. We will be able to commence selling of the new instant beverage premixes after obtaining Halal certification for all new instant beverage premixes and certification for low GI content for our low GI formulated tea premixes. The registration of new product formulations with JAKIM to obtain the Halal certifications is applicable for customers which require the instant beverage premixes to be Halal certified. The receipt of Halal certification is generally within 3 months from application, which will be applied upon receipt of order from customers to commercialise these products. The delivery of orders will be delayed until the receipt of the Halal certificates. Further details on our product development activities are set out in Section 6.14.

6. INFORMATION ON OUR GROUP (Cont'd)

For the past 4 FYEs 2018 to 2021 and FPE 2022, our house brands contributed between 0.35% to 2.08% of our Group's revenue. In line with our Group's intention to increase low GI product mix in our range of house brand offerings, we will continue to expand our market presence primarily through pharmacies, clinics and hospitals.

As at the LPD, we engage 1 local distributor to distribute our *EveryDay* and *BrogaHill* products to pharmacies, clinics and hospitals. We do not have any overseas distributors as at the LPD. To further expand the market presence of our house brands, we intend to actively source for more local and overseas distributors and leverage on their network to market and sell our *EveryDay* and *BrogaHill* products locally and outside of Malaysia, namely China, Thailand, Indonesia, Philippines, Vietnam and Brunei. Further, we plan to engage an advertising and promotion agency to actively conduct digital advertising and marketing activities for our house brands, on behalf of our Group.

The cost to engage the advertising and promotion agency for our house brands advertising activities will be funded through our internally generated funds.

6.20 EMPLOYEES

As at the LPD, we have a total workforce of 84 employees, of which 54 are permanent employees and 30 are contractual workers. The following depicts the number of employees in our Group according to department:

Department	Permanent		Contract/temporary		Total employees
	Local	Foreign	Local	Foreign	
Directors	7	-	-	-	7
Accounting, human resources and administration	11	-	-	-	11
Product development, sales and marketing	5	-	-	-	5
Production	17	-	-	29	46
Quality assurance and quality control	8	-	-	-	8
Procurement and warehousing	6	-	-	1	7
TOTAL	54	-	-	30	84

As at the LPD, Malaysian employees accounted for approximately 64.29% of our total workforce while the remaining 35.71% were foreign workers. As at the LPD, we have 30 foreign workers and all our foreign workers have valid working permits. Our foreign workers are also subject to COVID-19 screening in order to renew their working permits of which all of our foreign employees have complied. None of our employees belong to any labour union. During the past 4 FYEs 2018 to 2021, FPE 2022 and up to the LPD, there is no major industrial dispute pertaining to our 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 talent readily available from a capability perspective 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.

6. INFORMATION ON OUR GROUP (Cont'd)

6.21 MAJOR CUSTOMERS

Our top 5 major customers for each of the past 4 FYEs 2018 to 2021 and FPE 2022 are as follows:

FYE 2018

No.	Customer	Country	Business activities	Products sold	Revenue contribution in FYE 2018		Length of relationship as at the LPD
					RM'000	%	
1.	Hai-O Enterprise Berhad ⁽¹⁾ ⁽²⁾	Malaysia	Wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding and property investment holding	Coffee premixes and tea premixes	18,729	57.33	15
2.	Jinjiang Yeeka Commercial and Trading Co Ltd ⁽³⁾	China	Trading of consumer products	Coffee premixes and tea premixes	5,256	16.09	5
3.	TDC Avenue Sdn Bhd	Malaysia	Direct selling of consumer products	Food supplement premixes	2,074	6.35	14
4.	Excel Way Worldwide Sdn Bhd	Malaysia	Manufacturing and trading of health food products	Coffee premixes	1,048	3.21	3
5.	Lotuss Stores (Malaysia) Sdn Bhd	Malaysia	Hypermarket operator	Coffee premixes and tea premixes	1,040	3.18	15
Sub-total					28,147	86.16	
Total					32,670	100.00	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2019

No.	Customer	Country	Business activities	Products sold	Revenue contribution in FYE 2019		Length of relationship as at the LPD Years
					RM'000	%	
1.	Hai-O Enterprise Berhad	Malaysia	Wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, and investment holding and property investment holding	Coffee premixes	14,315	45.16	15
2.	TDC Avenue Sdn Bhd	Malaysia	Direct selling of consumer products	Food supplement premixes	4,323	13.64	14
3.	Jinjiang Yeeka Commercial and Trading Co Ltd	China	Trading of consumer products	Coffee premixes and tea premixes	3,389	10.69	5
4.	Loi Hein (Singapore) Pte Ltd ⁽⁴⁾	Singapore	Manufacturing, marketing, selling and distributing of consumer products	Coffee premixes	2,519	7.95	2
5.	Lotuss Stores (Malaysia) Sdn Bhd	Malaysia	Hypermarket operator	Coffee premixes and tea premixes	1,465	4.62	15
Sub-total					26,011	82.06	
Total					31,696	100.00	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2020

No.	Customer	Country	Business activities	Products sold	Revenue contribution in FYE 2020		Length of relationship as at the LPD Years
					RM'000	%	
1.	TDC Avenue Sdn Bhd	Malaysia	Direct selling of consumer products	Food supplement premixes	15,172	38.54	14
2.	Hai-O Enterprise Berhad	Malaysia	Wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding and property investment holding	Coffee premixes and tea premixes	12,222	31.04	15
3.	Lotuss Stores (Malaysia) Sdn Bhd	Malaysia	Hypermarket operator	Coffee premixes and tea premixes	2,001	5.08	15
4.	Loi Hein (Singapore) Pte Ltd ⁽⁴⁾	Singapore	Manufacturing, marketing, selling and distributing of consumer products	Coffee premixes	1,857	4.72	2
5.	Jinjiang Yeeka Commercial and Trading Co Ltd	China	Trading of consumer products	Coffee premixes	1,037	2.63	5
Sub-total					32,289	82.01	
Total					39,373	100.00	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2021

No.	Customer	Country	Business activities	Products sold	Revenue contribution in FYE 2021		Length of relationship as at the LPD
					RM'000	%	
1.	TDC Avenue Sdn Bhd	Malaysia	Direct selling of consumer products	Food supplement premixes	33,564	56.82	14
2.	Hai-O Enterprise Berhad	Malaysia	Wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding and property investment holding	Coffee premixes and tea premixes	11,185	18.93	15
3.	Carpenter Agricultural & Manufacturing Ltd	Papua New Guinea	Trading, marketing and distribution of automotive products and consumer products	Coffee premixes	2,451	4.15	3
4.	Lotuss Stores (Malaysia) Sdn Bhd	Malaysia	Hypermarket operator	Coffee premixes and tea premixes	2,101	3.56	15
5.	Bryden Pi Ltd	Trinidad and Tobago	Marketing, selling, trading and distribution of food and beverages, household, hospital equipment, personal care and pharmaceuticals products	Coffee premixes and chocolate premixes	1,763	2.98	3
Sub-total					51,064	86.44	
Total					59,072	100.00	

6. INFORMATION ON OUR GROUP (Cont'd)

FPE 2022

No.	Customer	Country	Business activities	Products sold	Revenue contribution in FPE 2022		Length of relationship as at the LPD
					RM'000	%	
1.	TDC Avenue Sdn Bhd	Malaysia	Direct selling of consumer products	Food supplement premixes	15,789	45.31	14
2.	Hai-O Enterprise Berhad	Malaysia	Wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding and property investment holding	Coffee premixes and tea premixes	6,718	19.28	15
3.	Carpenter Agricultural & Manufacturing Ltd	Papua New Guinea	Trading, marketing and distribution of automotive products and consumer products	Coffee premixes and chocolate premixes	3,919	11.25	3
4.	BE International Sdn Bhd	Malaysia	Direct selling of consumer products	Coffee premixes	1,442	4.14	2
5.	Bryden Pi Ltd	Trinidad and Tobago	Marketing, selling, trading and distribution of food and beverages, household, hospital equipment, personal care and pharmaceuticals products	Coffee premixes and chocolate premixes	1,161	3.33	3
Sub-total					29,029	83.31	
Total					34,843	100.00	

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) During FYE 2018, Hai-O Enterprise Berhad had ordered directly from us and also via its third party supplier, Tici World Marketing Sdn Bhd. As such, revenue contribution during FYE 2018 includes purchases from both Hai-O Enterprise Berhad and Tici World Marketing Sdn Bhd.
- (2) We had on 22 March 2021 entered into a Cornerstone Investment Agreement (which was varied via the exchange of letters dated 15 September 2021 and 15 April 2022) with Hai-O Enterprise Berhad, the Cornerstone Investor. Under this agreement, Hai-O Enterprise Berhad shall subscribe for 24,786,800 IPO Shares, representing 10.00% of our total enlarged share capital at the IPO Price. This agreement is conditional upon approval from Bursa Securities for the IPO, registration of the Prospectus with the SC and lodgement of Prospectus with the ROC. Upon Listing, Hai-O Enterprise Berhad shall be our major shareholder and sales to Hai-O Enterprise Berhad shall be deemed as related party transactions under the Listing Requirements.
- (3) During FYE 2018, Jinjiang Yeeka Commercial and Trading Co Ltd had ordered directly from us and also via its related company, Xiamen Nanyang Trading Co Ltd. As such, revenue contribution during FYE 2018 includes purchases from both Jinjiang Yeeka Commercial and Trading Co Ltd and Xiamen Nanyang Trading Co Ltd. As at the LPD, there is an overdue payment of RM0.11 million from Jinjiang Yeeka Commercial and Trading Co Ltd. We have made impairment on this amount and have stopped receiving orders from Jinjiang Yeeka Commercial and Trading Co Ltd.
- (4) Resulting from the COVID-19 pandemic, we had received a suspension of order from 1 foreign customer, namely Loi Hein (Singapore) Pte Ltd, our major customer in the FYE 2019 and FYE 2020. Based on the total purchase order received from Loi Hein (Singapore) Pte Ltd, the suspension of order was USD0.45 million (approximately RM1.85 million) and we are unable to recognise such revenue until we complete the fulfilment of the order. As at the LPD, we have yet to receive instructions from Loi Hein (Singapore) Pte Ltd to resume manufacturing of the suspended order. As at the LPD, there is no outstanding payment from Loi Hein (Singapore) Pte Ltd.

For the past 4 FYEs 2018 to 2021 and FPE 2022, our top 5 major customers contributed to 86.16%, 82.06%, 82.01%, 86.44% and 83.31% of our Group's revenue, respectively. For FYE 2020, TDC Avenue Sdn Bhd superseded Hai-O Enterprise Berhad as our largest customer. Sales of food supplement premises to TDC Avenue Sdn Bhd increased by RM10.85 million or 251.12% to RM15.17 million (FYE 2019: RM4.32 million). The food supplement premises we had produced for them had continued to receive good response from its direct selling customers and TDC Avenue Sdn Bhd had also increased the promotional activities for these products. The increase in demand for food supplement premises is also driven mostly by heightened awareness of nutritional products as a result of the COVID-19 pandemic. In FYE 2021, we recorded revenue from TDC Avenue Sdn Bhd of RM33.56 million, which represents an increase of 121.23% (FYE 2020: RM15.17 million). TDC Avenue Sdn Bhd remained as the largest revenue contributor for FPE 2022, contributing 45.31% of our sales in FPE 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

We are dependent on the following major customers:

- (i) Hai-O Enterprise Berhad which contributed 57.33%, 45.16%, 31.04%, 18.93% and 19.28% of our Group's revenue, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. The majority of our sales to Hai-O Enterprise Berhad were from the sale of one coffee premix product which amounted to RM16.40 million, RM14.32 million, RM12.11 million, RM10.85 million and RM6.60 million, which contributed 87.56%, 100.00%, 99.08%, 97.05% and 98.24% of our total sales to Hai-O Enterprise Berhad, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. They have been our customer since 2007.
- (ii) TDC Avenue Sdn Bhd which contributed 6.35%, 13.64%, 38.54%, 56.82% and 45.31% of our Group's revenue, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. Our sales to TDC Avenue Sdn Bhd were mainly from the sale of one food supplement premix product which amounted to RM2.07 million, RM4.32 million, RM15.17 million and RM33.56 million, respectively, in the past 4 FYEs 2018 to 2021 and 3 food supplement premix products which amounted to RM15.79 million in FPE 2022. The sale of food supplement premix products contributed 100.00% of our total sales to TDC Avenue Sdn Bhd. They have been our customer since 2008.

We do not have any long term contracts with Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd.

If any of these 2 major customers cease to purchase from us, we will experience a significant loss of revenue, given that we may not be able to replace these customers with new customers or with additional orders from existing customers in a timely manner. Further, we do not have any long term contracts with our customers due to the nature of our business whereby sales to our customers are primarily conducted on purchase order basis. Hence, this will negatively impact overall financial performance.

Nevertheless, we believe that we will continue to secure orders from these major customers due to the following:

- (i) We have been manufacturing coffee premixes for Hai-O Enterprise Berhad for the past 15 years and the food supplement premixes for TDC Avenue Sdn Bhd for the past 14 years and as at the LPD, we are the sole supplier for both these customers for these categories of products;
- (ii) We keep the premix formulations of the instant beverage premixes confidential from our customers. This is to safeguard our interest as the product formulator and to ensure that our customers will continue to engage our services as a similar product profile may not be easily replicated by another manufacturer. As such, these 2 major customers are also dependent on us for the manufacturing of their products;
- (iii) We work hand in hand with these 2 major customers to introduce enhanced premix formulations in order to improve their products. The most recent product enhancement for our major customer was in February 2021, where we had enhanced the formulation for the coffee premix sold to Hai-O Enterprise Berhad by creating a better texture (i.e. mouthfeel). Concurrent with the product enhancement, Hai-O Enterprise Berhad had also redesigned its product packaging. As at the LPD, the coffee premix with enhanced premix formulations and redesigned product packaging has been

6. INFORMATION ON OUR GROUP (Cont'd)

commercialised and has been receiving good response from Hai-O Enterprise Berhad's customers. From FYE 2021, the total sales of coffee premix with enhanced premix formulations and redesigned product packaging sold to Hai-O Enterprise Berhad was recorded at RM2.56 million. In FYE 2021, we have worked with TDC Avenue Sdn Bhd to develop 1 enhanced food supplement premix formulation which was launched in FPE 2022. We further developed 1 new fruit-based food supplement premix for TDC Avenue Sdn Bhd which was also launched in FPE 2022.

- (iv) We have maintained a strong business relationship with these 2 major customers and we believe that this relationship has allowed us to secure orders from them in the past, and will allow us to continue securing orders from them in the future.

Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd have other products and services marketed under their companies. According to the latest available annual report of Hai-O Enterprise Berhad, revenue generated from its multi-level marketing segment which markets nutritional food and beverage, wellness supplements, skincare, beauty and cosmetic, personal care and household products was RM172.45 million in the FYE 2021. Our revenue generated from Hai-O Enterprise Berhad was RM11.19 million in the FYE 2021, or 6.49%, of its multi-level marketing segment. According to the latest available audited financial statements of TDC Avenue Sdn Bhd, TDC Avenue Sdn Bhd recorded revenue of RM41.44 million in the FYE 2020. Our revenue generated from TDC Avenue Sdn Bhd in the FYE 2020 was RM15.17 million, or 36.61%, of its total revenue.

In addition, we had entered into the Cornerstone Investment Agreement with Hai-O Enterprise Berhad. Upon listing, Hai-O Enterprise Berhad shall be our major shareholder. This further demonstrates the long term relationship between our Group and Hai-O Enterprise Berhad. The Cornerstone Investment Agreement would allow our Group to better secure Hai-O Enterprise Berhad's commitment as our major customer despite the absence of specific arrangement between our Group and Hai-O Enterprise Berhad.

We believe that Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd are dependent on our Group for the manufacturing of their existing based on the following:

- (i) We are the sole supplier to Hai-O Enterprise Berhad for coffee premixes and tea premixes and TDC Avenue Sdn Bhd for food supplement premixes. As we keep the premix formulations of the instant beverage premixes confidential, we have safeguarded our interest as the product formulator to ensure that our customers will continue to engage our services as a similar product profile may not be easily replicated by another manufacturer. As at the LPD, Hai-O Enterprise Berhad has not engaged other instant beverage premix manufacturers for the manufacturing of their coffee premixes and tea premixes as well as the coffee premix with enhanced formulation and TDC Avenue Sdn Bhd has not engaged other instant beverage premix manufacturers for the manufacturing of their food supplement premixes; and
- (ii) Hai-O Enterprise Berhad's revenue generated from multi-level marketing segment which markets nutritional food and beverage, wellness supplements, skincare, beauty and cosmetic, personal care and household products was RM172.45 million in the FYE 2021. Our revenue generated from Hai-O Enterprise Berhad was RM11.19 million in the FYE 2021, or 6.49%, of its multi-level marketing segment. According to the latest available audited financial statements of TDC Avenue Sdn Bhd, it recorded revenue of RM41.44 million in the FYE 2020. Our revenue generated from TDC Avenue Sdn Bhd in the FYE 2020 was RM15.17 million, or 36.61%, of its total revenue.

6. INFORMATION ON OUR GROUP (Cont'd)

The instant beverage premixes will be sold by Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd to their customers at market prices, which is higher than the price of instant beverage premixes and food supplement premixes purchased from our Group, respectively. As a result, the revenue generated by Hai-O Enterprise Berhad by selling our instant beverage premixes to its customers comprises more than 6.49% of its multi-level marketing segment. Further, we are the sole supplier to Hai-O Enterprise Berhad for its coffee premixes. As such, a substantial amount of sales by Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd are dependent on the instant beverage premixes manufactured by us.

(iii) Over the years, our Group has gained extensive experience in the formulation and manufacturing of instant beverage premixes, as well as in-depth insights on various blends, taste profiles and preferences specific to different consumers, which have enabled us to formulate instant beverage premixes based on our customers' target markets.

As such, we note that our major customers (as well as other customers) do not formulate or enhance instant beverage premixes on their own and are dependent on our Group's expertise to formulate instant beverage premixes.

Save for the Cornerstone Investment Agreement, we had not entered into any other arrangements or understandings with Hai-O Enterprise Berhad.

In addition, we had in February 2021 enhanced the formulation for the coffee premix sold to Hai-O Enterprise Berhad by creating a better texture (i.e. mouthfeel). Concurrent with the product enhancement, Hai-O Enterprise Berhad had also redesigned its product packaging. This effort is expected to improve the sale of coffee premixes by Hai-O Enterprise Berhad, which would thereby allow us to receive more new purchase orders from Hai-O Enterprise Berhad. Hence, the expected increase in our manufacturing capacity as set out in Section 6.19.2 will allow us to have readily available capacity to fulfil any increase in purchase orders from Hai-O Enterprise Berhad.

Moving forward, we expect Hai-O Enterprise Berhad, TDC Avenue Sdn Bhd and other major customers to continue contributing to our Group's revenue as we have maintained strong business relationships with our customers over the years, and we believe that this will provide our Group with assurance for business sustainability as well as a strong platform for business growth and expansion. In the past 4 FYEs and FPE 2022, we have not encountered any major issues in dealing with our customers.

In order to reduce our reliance on our major customers, we had over the past 4 FYEs and FPE 2022 continued to secure new customers. The top 5 new customers secured during the past 4 FYEs and FPE 2022 are set out below:

FYE 2018	
Name of customers	RM'000
Aal Mir Trading Co LLC	225
Dr Nutrition Center LLC	141
Geo Speed Company Limited	96
	Principal activities
	Marketing and distribution of consumer products
	Supplement and pharmacy chain store
	Trading and distribution of consumer products

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2018

Name of customers	RM'000	Principal activities
Silvonchik Evgeniy Vladimirovich	89	Trading and marketing of consumer products
Xishuangbanna Malai Business & Trade Co Ltd	77	Trading of consumer products
Total	628	

FYE 2019

Name of customers	RM'000	Principal activities
Loi Hein (Singapore) Pte Ltd	2,519	Manufacturing, marketing, selling and distribution of consumer products
Imsa (Malaysia) Sdn Bhd	443	Trading of healthcare and consumer products
Goodmorning Global Sdn Bhd	320	Marketing, manufacturing and distribution of health supplements
Golden Best Generation Marketing	195	Trading of consumer products
New Star Food Industries Sdn Bhd	178	Trading, marketing and distribution of consumer products
Total	3,655	

FYE 2020

Name of customers	RM'000	Principal activities
Sisnes (HK) Limited	473	Trading and marketing of consumer products
Bryden Pi Ltd	375	Marketing, selling, trading and distribution of food and beverages, household, hospital equipment, personal care and pharmaceuticals products
Guangzhou Zhen Hongshun Trade Co Ltd	341	Trading of consumer products
Tagafood Sdn Bhd	205	Trading and marketing of consumer products
Carpenter Agricultural & Manufacturing Ltd	85	Trading, marketing and distribution of automotive products and consumer products
Total	1,479	

FYE 2021

Name of customers	RM'000	Principal activities
BE International Sdn Bhd	1,439	Direct selling of consumer products
CMM Marketing Management Pte Ltd	393	Sale of canned foods and dry goods
Nackita Marketing Sdn Bhd	178	Provision of consultancy services and trading of consumer products
Greenleaf Biotech (M) Sdn Bhd	111	Direct selling of consumer products

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2021

Name of customers	RM'000	Principal activities
Maxgaba International Trading Sdn Bhd	77	Direct selling of consumer products
Total	2,198	

FPE 2022

Name of customers	RM'000	Principal activities
Customer A ⁽¹⁾	764	Sale of coffee products
SF Star Wellness (Int) Sdn Bhd	171	Distribution of consumer products
Carpenters Fiji Pte Limited	83	Trading, marketing and distribution of automotive products and consumer products
Maison Samira Maatouk	26	Operations of chain stores
Syawal Global Network (M) Sdn Bhd	35	Distribution of consumer products
Total	1,079	

Note:

⁽¹⁾ Customer A is a company incorporated in China which is principally involved in the sale of coffee and related products in China. It is a subsidiary of an ultimate holding company incorporated in Japan which is principally involved in the manufacturing and sale of coffee and related products, and the operation of cafes/restaurants. Both Customer A and its ultimate holding company are not listed on any stock exchange. The coffee powder used for the manufacturing of coffee premixes to Customer A are required to be sourced from Supplier A. Customer A is a related company to Supplier A as both companies are subsidiaries of the ultimate holding company incorporated in Japan. Please refer to Section 6.22 for information on Supplier A. Customer A purchases coffee premixes from our Group on purchase order basis.

Pursuant to the purchase agreement dated 9 September 2021 with non-disclosure clause entered into with Customer A, we must adhere to the non-disclosure clause which prohibits us to use information deemed confidential by Customer A without its prior written approval. A consent was sought for disclosure of information of Customer A pursuant to the IPO but consent to disclosure was denied.

To further ensure the sustainability of our business and to improve the diversity of our customers, we plan to continue to grow our customer base in the direct selling segment (as set out in Section 6.19.3) and to expand our export sales (as set out in Section 6.19.4).

6. INFORMATION ON OUR GROUP (Cont'd)

6.22 MAJOR SUPPLIERS

Our top 5 major suppliers for the past 4 FYEs 2018 to 2021 and FPE 2022 are as follows:

FYE 2018

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FYE 2018		Length of relationship as at the LPD
					RM'000	%	
1.	Custom Food Ingredients Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	2,461	13.42	9
2.	Kerry Ingredients (M) Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	2,426	13.22	8
3.	TS Plastics Sdn Bhd	Malaysia	Manufacturing and printing of plastic packaging	Packaging materials	2,109	11.50	8
4.	Narasus Exports ⁽¹⁾	India	Manufacturing of instant coffee powder and granules	Coffee powder	2,025	11.04	14
5.	Dan Kaffe (Malaysia) Sdn Bhd	Malaysia	Manufacturing of instant coffee powder and frozen coffee extracts	Coffee powder	1,128	6.15	8
Sub-total					10,149	55.33	
Total					18,343	100.00	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2019

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FYE 2019		Length of relationship as at the LPD Years
					RM'000	%	
1.	Kerry Ingredients (M) Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	3,141	14.69	8
2.	TS Plastics Sdn Bhd	Malaysia	Manufacturing and printing of plastic packaging	Packaging materials	2,179	10.20	8
3.	Custom Food Ingredients Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	1,453	6.80	9
4.	Nexus Wise Sdn Bhd	Malaysia	Manufacturing and trading of nutraceutical products	Colostrum powder, fish collagen, goat milk powder and red beet root juice powder	1,353	6.33	9
5.	Narasus Exports	India	Manufacturing of instant coffee powder and granules	Coffee powder	1,279	5.98	14
Sub-total					9,405	44.00	
Total					21,375	100.00	

FYE 2020

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FYE 2020		Length of relationship as at the LPD Years
					RM'000	%	
1.	Promac Enterprises Sdn Bhd	Malaysia	Manufacturing and trading of dairy products, grain products and edible oils and fats	Milk powder, whey powder and whey protein concentrate	3,746	16.36	8

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FYE 2020		Length of relationship as at the LPD Years
					RM'000	%	
2.	Nexus Wise Sdn Bhd	Malaysia	Manufacturing and trading of nutraceutical products	Colostrum powder, sweetener, chia seeds, fish collagen, goat milk powder and red beet root juice powder	3,498	15.28	9
3.	Kerry Ingredients (M) Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	2,212	9.66	8
4.	SLN Exports Pte Ltd ⁽¹⁾	Singapore	Trading of food ingredients	Coffee powder	1,592	6.96	3
5.	TS Plastics Sdn Bhd	Malaysia	Manufacturing and printing of plastic packaging	Packaging materials	1,288	5.63	8
Sub-total					12,336	53.89	
Total					22,891	100.00	

FYE 2021

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FYE 2021		Length of relationship as at the LPD Years
					RM'000	%	
1.	Nexus Wise Sdn Bhd	Malaysia	Manufacture and trading of nutraceutical products	Colostrum powder, fish collagen, goat milk powder and red beet root juice powder	6,672	18.13	9

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FYE 2021		Length of relationship as at the LPD Years
					RM'000	%	
2.	Promac Enterprises Sdn Bhd	Malaysia	Manufacture and trading of dairy products, grain products and edible oils and fats	Milk powder, whey powder and whey protein concentrate	6,265	17.02	8
3.	Kerry Ingredients (M) Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	2,957	8.03	8
4.	TS Plastics Sdn Bhd	Malaysia	Manufacturing and printing of plastic packaging	Packaging materials	2,233	6.07	8
5.	Generasi Kertas Produk Sdn Bhd	Malaysia	Wholesale of paper in bulk and packaging material	Packaging materials	1,443	3.92	6
Sub-total					19,570	53.17	
Total					36,809	100.00	

FPE 2022

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FPE 2022		Length of relationship as at the LPD Years
					RM'000	%	
1.	Promac Enterprises Sdn Bhd	Malaysia	Manufacture and trading of dairy products, grain products and edible oils and fats	Milk powder, whey powder and whey protein concentrate	3,987	14.70	8
2.	Kerry Ingredients (M) Sdn Bhd	Malaysia	Manufacturing of food ingredients	Creamer	2,573	9.49	8

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Supplier	Country of origin	Business Activities	Products sourced	Value of purchases in FPE 2022		Length of relationship as at the LPD	
					RM'000	%		
3.	Nexus Wise Sdn Bhd	Malaysia	Manufacture and trading of nutraceutical products	Colostrum powder, fish collagen, goat milk powder and red beet root juice powder	2,474	9.12	9	
4.	TS Plastics Sdn Bhd	Malaysia	Manufacturing and printing of plastic packaging	Packaging materials	2,024	7.46	8	
5.	Supplier A ⁽²⁾	Singapore	Manufacturing of coffee ingredients	Coffee powder	1,492	5.50	1	
					Sub-total	12,550	46.27	
					Total	27,123	100.00	

Notes:

(1) Purchases of coffee powder from Narasus Exports were made via its appointed distributors, SLN Exports Pte Ltd (FYE 2020) and Hapsing Pte Ltd (FYE 2021 onwards).

(2) Supplier A is a company incorporated in Singapore which is principally involved in the manufacturing and sale of coffee and related products in Singapore. It is a subsidiary of an ultimate holding company incorporated in Japan which is principally involved in the manufacturing and sale of coffee and related products, and the operation of cafes/restaurants. Both Supplier A and its ultimate holding company are not listed on any stock exchange. Supplier A manages the Asia-related businesses for its ultimate holding company, including Customer A. The coffee powder used for the manufacturing of coffee premixes to Customer A are required to be sourced from Supplier A. We source coffee powder from Supplier A on purchase order basis.

Pursuant to the supply agreement dated 1 August 2021 with non-disclosure clause entered into with Supplier A, we must adhere to the non-disclosure clause which prohibits us to use information deemed confidential by Supplier A without its prior written approval. A consent was sought for disclosure of information of Supplier A pursuant to the IPO but consent to disclosure was denied.

6. INFORMATION ON OUR GROUP (Cont'd)

For the past 4 FYEs 2018 to 2021 and FPE 2022, our top 5 major suppliers contributed to 55.33%, 44.00%, 53.89%, 53.17% and 46.27% of our Group's purchases respectively.

Purchases from our suppliers are conducted on a purchase order basis. We do not have any long-term agreements or arrangements with our major suppliers. During the initial stage of the MCO as disclosed in Section 6.7.4, we experienced a delay in receiving certain supplies. Subsequently, as the logistics flow normalised, we no longer experienced any disruptions in the procurement and receipt of supplies as our suppliers are also categorised under essential services. The delay in receipt of supplies did not have any impact to our financial performance.

Purchases from our major suppliers primarily comprise food ingredients and packaging materials. Food ingredients and packaging materials are sourced from both local and overseas manufacturers and distributors. We are not dependent on our major suppliers in sourcing food ingredients as the same food ingredients are generally readily available and can be easily sourced from our list of alternative suppliers at similar prices. While we may be able to source for food ingredients from alternative suppliers, the product profile may differ from one supplier to another supplier. Nevertheless, we have the expertise to adjust our formulation to produce instant beverage premix with no discernible difference in the taste profile by using food ingredients from alternative suppliers. Therefore, in the event that we are unable to procure food ingredients from our existing major suppliers, we are able to replace our purchases with other suppliers who can supply the food ingredients with the closest taste profile as the original suppliers. Hence, we are not dependent on our major suppliers. However, there is no assurance that we will continue to be able to achieve the same taste profile in our instant beverage premixes all the time. Packaging materials are generally readily available and can be easily sourced from other suppliers at similar prices.

However, our Group is dependent on foreign suppliers for the purchase of coffee powder and maltodextrin due to the limited availability of coffee powder and maltodextrin manufacturers in Malaysia. One of our foreign suppliers for coffee powder, namely Narasus Exports (for FYE 2018 and FYE 2019) and SLN Exports Pte Ltd (FYE 2020, as the appointed distributor for Narasus Exports) is one of our major suppliers in the past FYEs 2018 to 2020 but none of the foreign suppliers for maltodextrin is our major supplier in the past 4 FYEs 2018 to 2021. In the past 4 FYEs 2018 to 2021, FPE 2022 and up to the LPD, our Group did not enter into any supply agreements with our foreign suppliers for the purchase of coffee powder and maltodextrin.

Additionally, each supplier has their own profile of coffee powder and therefore, we may not be able to easily source similar coffee powder from local suppliers. This further exposes us to the risk of foreign exchange fluctuations as we need to source for supplies from foreign suppliers. Further, there can be no assurance that we will be able to source similar coffee powder and maltodextrin at the quantities required and at competitive pricing from other foreign suppliers. In such instances, our manufacturing and delivery may be disrupted or delayed, which will materially adversely affect our business and results of operations.

7. INDEPENDENT MARKET RESEARCH REPORT

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15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia
T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: 23 May 2022

The Board of Directors

Orgabio Holdings Berhad
22-09, Menara 1MK
No.1, Jalan Kiara
Mont Kiara
50480 Wilayah Persekutuan
Kuala Lumpur

Dear Sirs/ Madams,

Independent Market Research Report on the Instant Beverage Premix 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 listing of Orgabio Holdings Berhad (“Orgabio Holdings”) 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 Orgabio Holdings and its subsidiaries (“Orgabio Holdings Group”) operate and to offer a clear understanding of the industry and market dynamics. As Orgabio Holdings Group is principally involved in the provision of instant beverage premix manufacturing services to third party brand owners and manufacturing, sales and marketing of house brand instant beverage premixes, the scope of work for this IMR Report will thus address the following areas:

- (i) Overview of the instant beverage premix industry;
- (ii) Key demand drivers, risk and challenges; and
- (iii) Competitive overview.

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. 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 mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TANITZE WEN
MANAGING PARTNER

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

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The research for this IMR Report was completed on 23 May 2022.

For further information, please contact:

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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 24 years of experience in market research and strategy consulting, including over 19 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.

1 THE INSTANT BEVERAGE PREMIX INDUSTRY IN MALAYSIA

Overview of instant beverage premixes

Instant beverage premix exists in the form of dry, water-soluble powder, which upon reconstitution with water, becomes a beverage. The dry, water-soluble powder typically comprises a combination of a base (e.g. coffee powder, tea powder and/or cocoa powder), and flavour and taste enhancing ingredients (e.g. creamer powder and sweetener). Instant beverage premixes are usually packaged in single-serve retail packs such as sachets.

As the ingredients have been proportionately measured in each serving, it provides the convenience to consumers for instant consumption due to its quick and easy preparation, and portable size. Further, instant beverage premixes are offered in a large variety of flavours at various price points making instant beverage premixes a viable option as it can cater to the various taste and pricing preferences of a wide group of consumers.

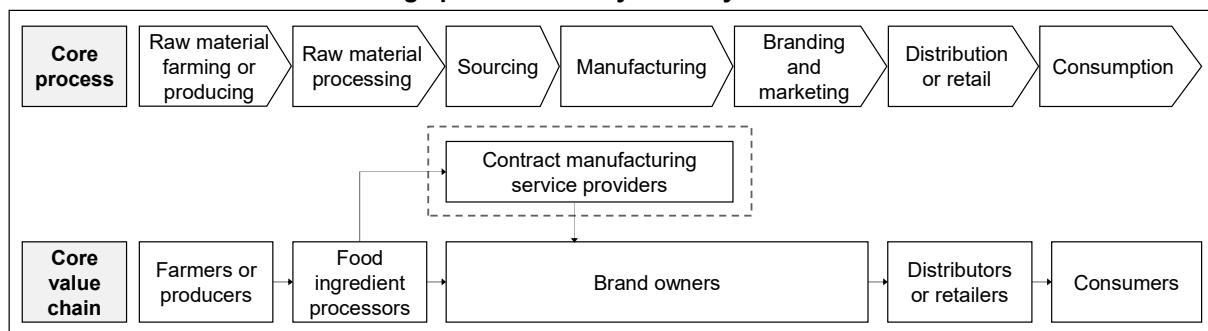
With the continuous development in product formulation, a wide range of instant beverage premixes have been introduced into the market including enhanced or new formulations which differ in terms of taste profile or even in terms of nutritional contents through addition of health extracts such as Tongkat Ali (traditionally used as an aphrodisiac, anti-aging and improvement in physical and mental energy levels), Kacip Fatimah (traditionally consumed to facilitate childbirth and as a supplement during confinement) or colostrum (consumed for modulating immune systems, improving gastrointestinal functions and anti-aging effects). As such, the intake of instant beverage premixes can also be viewed as a way to maintain general wellness without drastic lifestyle changes, in addition to enjoying instant beverage premixes as a form of beverage.

Overview of the instant beverage premix industry in Malaysia

The instant beverage premix industry is a part of the food manufacturing industry where it involves raw material farming or production, raw material processing, sourcing, manufacturing, branding and marketing, and ultimately distribution or retail to consumers for consumption.

Brand owners of instant beverage premixes may carry out in-house sourcing and manufacturing activities or outsource the sourcing and manufacturing activities to contract manufacturing service providers (i.e. contract manufacturers).

Value chain of the instant beverage premix industry in Malaysia



Notes:

- [---] denotes the key segment in which Orgabio Holdings Group is principally involved in.
- This list is not exhaustive.

Source: SMITH ZANDER

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

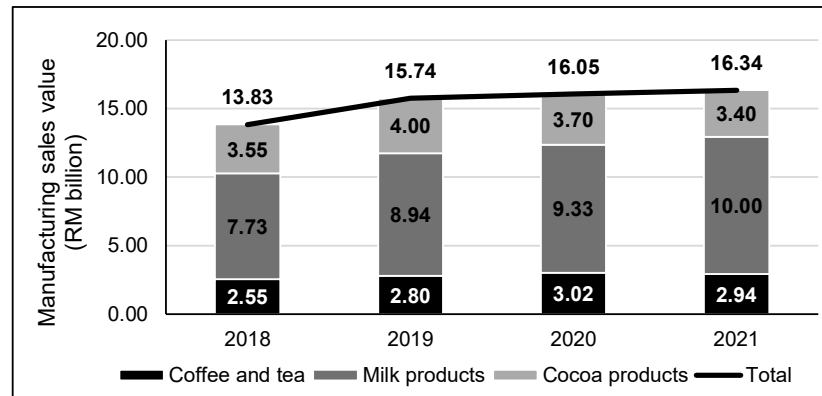
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Industry performance, size and growth

As Orgabio Holdings Group is principally involved in the provision of manufacturing services for instant beverage premixes for third party brand owners, the computation of the industry size in this section takes into consideration manufacturing of instant beverage premixes which include coffee premixes, tea premixes, chocolate premixes and other milk-based premixes.

The instant beverage premix industry is a sub-segment of the coffee, tea, milk and cocoa beverage industry. The manufacturing sales value of coffee, tea, milk and cocoa beverages (which include instant beverage premixes comprising coffee premixes, tea premixes, chocolate premixes and other milk-based premixes) in Malaysia grew from RM13.83 billion in 2018 to RM16.05 billion in 2020, registering a Compound Annual Growth Rate (“CAGR”) of 7.73% during the period.

Coffee, tea, milk and cocoa beverage industry size, 2018 – 2021



Sources: Department of Statistics (“DOSM”), SMITH ZANDER analysis

In 2021, the manufacturing sales value of coffee, tea, milk and cocoa beverages in Malaysia increased by 1.81% to RM16.34 billion.

The industry size of the coffee, tea, milk and cocoa beverage industry includes manufacturing sales value of brand owners with in-house manufacturing facilities who primarily manufacture their own brands of products as well as companies involved in the provision of manufacturing services for third party brand owners (i.e. manufacturing service providers or contract manufacturers). This is because they ultimately share the same pool of end consumers for their products.

The manufacturing sales value for instant beverage premixes is captured under a wider category of manufacturing sales value of coffee, tea, milk and cocoa beverages by the DOSM, and further breakdown on the specific manufacturing sales value for instant beverage premixes is not available by the DOSM. Further, it is not feasible for SMITH ZANDER to obtain and assess the industry size using the revenue of instant beverage premix industry players in view of the absence of an exhaustive list of industry players. This is because the instant beverage premix industry has a large number of industry players and there is no centralised record of the list of industry players tracked by any Government agencies in Malaysia as there are no specific licenses and/or permits required to operate as an instant beverage premix manufacturer in Malaysia. It is also not feasible to ascertain the accurate revenue generated from the instant beverage premixes by all industry players to derive the size of the instant beverage premix industry in Malaysia as many instant beverage premix industry players are also involved in the manufacturing of other products such as concentrated beverages, ready-to-drink beverages and food ingredients, amongst others. As such, the revenue for some industry players may substantially comprise sales of other products which is not an accurate representation of the instant beverage premix industry. Hence, the closest available data, which is the manufacturing sales value of coffee, tea, milk and cocoa beverages, is used to represent the performance of the instant beverage premix industry.

In the Budget 2022, the Government of Malaysia introduced an excise duty at the rate of RM0.47 per 100 grams which will be imposed on mixed chocolate or cocoa preparations, mixed malt preparations, and premixed coffee and mixed tea preparations, with sugar content threshold of more than 33.30 grams per 100 grams. Since the announcement of the imposition of the excise duty, on 31 March 2022, the Royal Malaysian Customs Department announced that the implementation of the excise duty which was scheduled to have taken effect from 1 April 2022 has been postponed to a date to be announced. Following the announcement of the Budget 2022, the parties that are liable for the payment of the excise duty remain unclear. Nevertheless, should the excise duty be imposed on the manufacturers, the excise duty may be passed on to the customers (e.g. retailers) or the end-consumers. However, if the manufacturers are unable to pass on the excise duty

to their customers or the end-consumers, their financial performance may be adversely affected. In addition, the imposition of excise duties, when passed on to the end-consumers, leads to an increase in the retail prices of instant beverage premixes which may reduce the competitiveness of the product.

2 KEY DEMAND DRIVERS, RISKS AND CHALLENGES

Key industry drivers

► The growing need for convenience increases consumer preference for instant beverage premixes

Rapid urbanisation has led to a change in the lifestyle of consumers in Malaysia. As such, convenience is increasingly becoming essential in the lifestyles of Malaysian consumers, particularly in the urban and suburban areas, leading to increasing demand for instant beverage premixes which promotes convenience. Over the years, the rate of urbanisation grew with Malaysia's growing economy, rising from 42.04% of total population in 1980 to 77.70% of total population in 2021. The increasing urbanisation rate illustrates that the need for convenience in consumer lifestyle today has been, and will continue to be, a growing trend.

Instant beverage premixes are usually packaged in single-serve packs which facilitate convenience in terms of portability and on-the-go functionality, enabling consumers to enjoy quick and easy preparation of their preferred beverages instantly anywhere and at any time. Consumers leading fast-paced lifestyles tend to have, or want to spend, less time preparing beverages. This results in consumers' preference for instant beverage premixes where they will save time. In addition, instant beverage premixes also provide affordable convenience as these beverages are offered in a large variety of flavours at various affordable prices to cater to the various taste and pricing preferences of consumers.

In addition, in view of the COVID-19 pandemic since March 2020, where consumers have been required or encouraged to stay home due to the imposed mandatory movement and business operations restrictions, demand for convenient solutions has increased. As consumers have been confined to their homes, instant beverage premixes can be easily prepared at home as alternatives to beverages enjoyed in food and beverage outlets, shifting consumption behaviour from out-of-home consumption to at-home consumption. Thus, the growing need for convenience increases consumer demand for instant beverage premixes and in turn drives the demand for manufacturing services of instant beverage premixes.

► Outsourcing to contract manufacturers for the manufacturing of instant beverage premixes

With evolving consumer demands, brand owners are increasingly more focused on product branding and marketing, while leaving product development, sourcing, manufacturing and quality control to their appointed contract manufacturers.

By engaging contract manufacturers, brand owners are also able to leverage on the contract manufacturers' economies of scale in procuring raw materials, network of suppliers as well as the readily available manufacturing facilities which are certified with the required food safety assurance requirements.

Hence, with contract manufacturers being able to support brand owners in their manufacturing activities, brand owners can then focus resources and expertise on product branding and marketing.

In light of this, contract manufacturers in Malaysia will continue to support the growing coffee, tea, milk and cocoa beverage industry.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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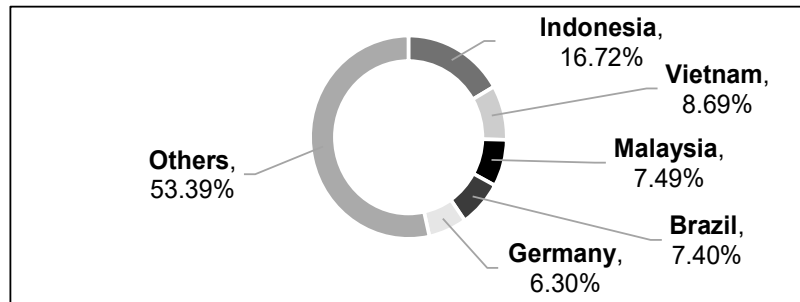
► **Malaysia, being one of the world’s major exporters of coffee extracts, which include coffee premixes, will drive demand for manufacturing services of instant beverage premixes**

Malaysia was among the world’s top 5 exporters of coffee extracts, which includes coffee premixes, in 2016, and subsequently became a top 3 exporter of coffee extracts in 2017, 2018 and 2019. Malaysian coffee extracts were exported globally to 118 countries in 2019.¹ In 2020, Malaysia remained as a top 3 exporter of coffee extracts and had exported coffee extracts globally to 116 countries in the same year.²

In 2020, based on latest available information, Malaysia was the 3rd largest exporter of coffee extracts globally, accounting for 7.49% (99,073 tonnes) of total global exports of coffee extracts of 1.32 million tonnes.³

Indonesia dominated global exports of coffee extracts with a share of 16.72% followed by Vietnam (8.69%), Malaysia, Brazil (7.40%) and Germany (6.30%).

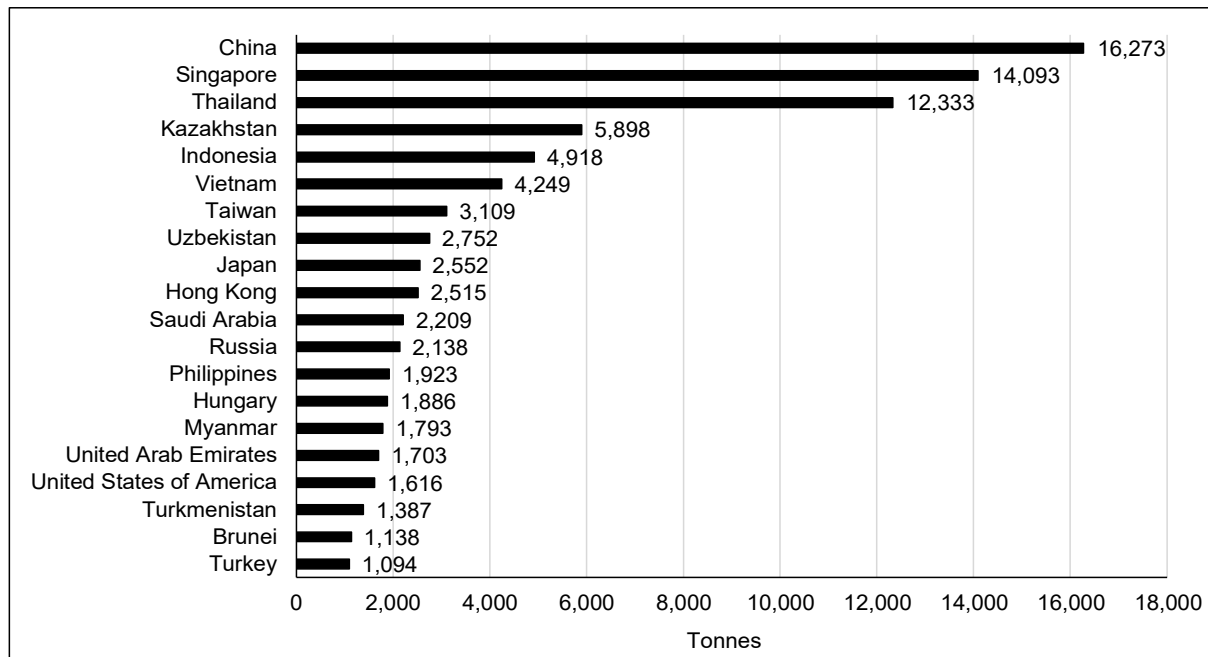
Composition of global exports of coffee extracts, 2020



Sources: FAOSTAT, SMITH ZANDER analysis

In 2020, based on latest available information, Malaysia’s top 20 coffee extract export destinations were China, Singapore, Thailand, Kazakhstan, Indonesia, Vietnam, Taiwan, Uzbekistan, Japan, Hong Kong, Saudi Arabia, Russia, Philippines, Hungary, Myanmar, United Arab Emirates, United States of America, Turkmenistan, Brunei and Turkey.

Malaysia’s top 20 coffee extract export destinations, 2020



Sources: FAOSTAT, SMITH ZANDER analysis

¹ Source: Food and Agriculture Organisation Corporate Statistical Database (“FAOSTAT”) based on latest available information.

² Source: FAOSTAT.

³ Source: FAOSTAT.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

With Malaysia being one of the major exporters of coffee extracts, international customers will continue to seek coffee products from Malaysia. This will drive demand for manufacturing services of coffee products including coffee premixes from Malaysia. Further, Malaysia is also well positioned to leverage on the continuous growth in global export demand for coffee extracts, which grew from 1.22 million tonnes in 2017 to 1.43 million tonnes in 2019, at a CAGR of 8.27%.⁴ In 2020, the global export demand for coffee extracts decreased by 7.26% to 1.32 million tonnes⁵ due to supply chain disruptions caused by mandatory movement restrictions to contain the spread of the COVID-19 virus.

► Government initiatives in promoting the food manufacturing industry

According to Malaysian Investment Development Authority, total investments in Malaysia amounting to RM5.39 billion was approved in 2021 for 77 projects in the food manufacturing industry, as compared to RM3.29 billion approved in 2020 for 103 projects, which was a decrease from RM3.80 billion for 98 projects in 2019.

In view of the COVID-19 pandemic, in the shorter term, it is expected that investments in the food manufacturing industry may slow down due to the uncertain economic conditions. Nevertheless, as food is an essential necessity, in the longer term as economic conditions recover, investments in the food manufacturing industry is expected to normalise to pre-COVID-19 levels.

Further, the Government of Malaysia has been promoting Malaysia as a destination for Halal manufacturing due to the rapid development of Halal certification in the country, and the role of the Department of Islamic Development Malaysia (“JAKIM”) as one of the world’s major Halal certification bodies. JAKIM’s recognition programme for international Halal bodies is also one of the most stringent and sought-after bilateral Halal system recognition programmes. This encourages consumer product companies to seek manufacturing services in Malaysia that are compliant to JAKIM’s halal certification standards, and thus potentially driving the growth of the industry, including for instant beverage premix manufacturing services.

Key industry risks and challenges**► Dependency on the availability, quality and price of raw materials and packaging materials**

The raw materials used in the manufacturing of instant beverage premixes in Malaysia are primarily coffee powder, tea powder, cocoa powder, creamer powder, sweetener, and other extracts such as calcium and colostrum powder, as well as packaging materials.

Most of these raw materials are readily available, and instant beverage premix manufacturers typically source these raw materials from local suppliers and importers. Nevertheless, the product profile may differ slightly from one supplier to another supplier and instant beverage premix manufacturers must ensure the quality of these raw materials as the product manufactured must be compliant with the safety requirements set out by the authorities. However, the prices of some of these raw materials, particularly coffee and cocoa which are global commodities, may fluctuate and have an impact on manufacturing costs.

Due to the outbreak of the COVID-19 pandemic in early 2020, the prices of raw materials for instant beverage premixes such as coffee and palm oil had been increasing since Q1 2020/Q2 2020 due to the increase in demand for at-home consumption of instant beverage premixes as consumers are confined to their homes as a result of mandatory movement and business operations restrictions. These restrictions have also caused disruptions to the supply of raw materials which has contributed to the increase in the prices of raw materials and thus impacting manufacturing costs for manufacturers. In addition, the increase in consumption and supply disruptions have also driven the prices of other raw materials such as metals and minerals (e.g. iron ore, copper and zinc), edible oils (e.g. coconut oil and soybean oil) and grains (e.g. maize and wheat) and thus impacting manufacturing costs in the respective industries.

⁴ Source: FAOSTAT.

⁵ Source: FAOSTAT.

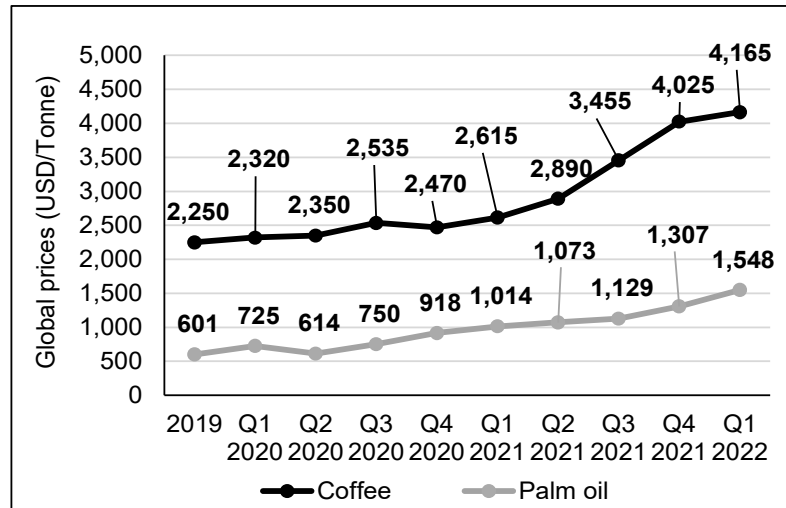
7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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According to World Bank, the prices of coffee (average of Arabica coffee and Robusta coffee) have been increasing since Q1 2020 to Q1 2022, save for Q4 2020 whereby lower global coffee consumption had caused a drop in coffee prices. Adverse weather conditions and supply chain disruptions are expected to sustain the rise in coffee prices.

Vegetable oils such as palm oil are one of the main ingredients in the production of creamer, which is used in the manufacturing of instant beverage premixes. Save for the decline in palm oil prices in Q2 2020 during the beginning of the COVID-19 pandemic outbreak, palm oil prices have been rising steadily from Q3 2020 to Q1 2022 due to production shortfalls, adverse weather conditions and supply chain disruptions.

Global price trend of coffee and palm oil (2019, Q1 2020 – Q4 2020, Q1 2021 – Q4 2021, Q1 2022)



Note:

- The global prices for coffee refer to the average global prices of Arabica coffee and Robusta coffee.

Sources: World Bank, SMITH ZANDER analysis

In February 2022, the Russia-Ukraine conflict has escalated supply chain disruptions whereby the export of commodities including agricultural commodities have been adversely impacted. Russia has imposed export bans on domestic supplies for certain food products as uncertainty surrounding the supplies of such commodities rise, which further tightens the global availability of these commodities. These impacts have driven the global prices of these commodities. Further, the disruption in the supply of sunflower oil from Ukraine has driven the demand for palm oil as a substitute by importers, which has resulted in the rise of global palm oil prices.

In April 2022, the Government of Indonesia announced an export ban on palm oil, specifically crude palm oil (CPO), refined, bleached and deodorised (“RBD”) palm oil and RBD palm olein, in an effort to curb the rise in domestic cooking oil prices. As Indonesia is the largest exporter of palm oil globally⁶, the export ban adversely impacted the global supply of palm oil, which further drove global palm oil prices. The export ban was implemented from 28 April 2022 onwards. On 19 May 2022, the Government of Indonesia announced the upliftment of the export ban on palm oil effective 23 May 2022. Nevertheless, in the event that the export ban on palm oil is reimposed by the Government of Indonesia, similar impact to the global supply of palm oil and global palm oil prices are expected to be observed.

As the effects of supply chain disruptions caused by the COVID-19 pandemic, Russia-Ukraine conflict and export ban on palm oil in Indonesia subside over time, the global prices of commodities including coffee and palm oil are expected to reduce and stabilise in the long term.

Any disruptions in the supply of raw materials with the required product profile, quality and pricing may result in instant beverage premix manufacturers failing to adequately fulfil customer orders (i.e. failing to achieve similar taste profile in their products and delays in completing orders) or incurring higher production costs, which may lead to potential cancellation of orders from customers or lower profit margins.

► Exposure to sudden crisis or outbreak of diseases may cause disruption in operations

Unexpected crises such as political crisis, natural disasters and disease outbreaks, amongst others, may temporarily disrupt the operations and/or the supply chain of instant beverage premix manufacturers. The

⁶ Source: United States Department of Agriculture.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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outbreak of the COVID-19 pandemic is an example of this risk. The outbreak of COVID-19 has caused affected countries to impose mandatory movement and business operations restrictions to contain the spread of the virus. This has temporarily disrupted the operations and supply in the industry as manufacturing activities of food ingredients and packaging material suppliers have been disrupted during the period of the mandatory movement and business operations restrictions. While the restrictions due to COVID-19 have been lifted and manufacturing activities are back to normal, any such crises in the future, including a resurgence of COVID-19 cases, may cause further disruptions to the business and operations of manufacturers in the industry.

Transportation networks have also faced disruptions due to closure of airports and other transportation hubs in Malaysia where instant beverage premix manufacturers operate and in the affected countries where their customers are located. This has also caused delays in the supply of raw materials or food ingredients, or delays in delivery of orders to customers. If such disruptions persist, instant beverage premix manufacturers may be required to purchase supplies from different suppliers which may be at a higher cost and which will adversely affect their profitability, or their delivery schedules will be affected and subsequently delay completion of orders to their customers.

3 COMPETITIVE OVERVIEW

Competitive landscape

In Malaysia, the Food Hygiene Regulations 2009 is a regulation enacted according to Section 34 of the Food Act 1983 to regulate the hygiene and safety of food sold to protect public health. Under the Food Hygiene Regulations 2009, all food premises defined as premises used for the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food, or the relabelling, reprocessing or reconditioning of any food, including food manufacturing facilities are required to implement a form of food safety assurance programme. A food safety assurance programme refers to a planned and documented system of practice which provides assurance that any particular type of food will not cause harm to a consumer when it is consumed. Amongst the food safety assurance programmes recognised by MOH are Makanan Selamat Tanggungjawab Industri (MeSTI), Good Manufacturing Practice (GMP), Hazard Analysis and Critical Control Point (HACCP) and ISO 22000.

The instant beverage premix industry players who are involved in the manufacturing of instant beverage premix would incur high capital expenditure upfront for the design and construction of manufacturing facilities to be compliant to the relevant food safety assurance programmes, as well as the technical requirements to be certified to the various standards of food safety compliance. Industry players who can secure sufficient sales and be profitable will be able to sustain their business operations in the long term and remain competitive in the industry.

Key industry players of instant beverage premix industry

The instant beverage premix industry is competitive due to the large number of industry players which include public listed companies, large private companies as well as small to medium enterprises that compete in the manufacturing and supply of various types of instant beverage premixes. There are generally two types of industry players, namely brand owners and manufacturing service providers. Brand owners may have their own in-house manufacturing facilities for the manufacturing of instant beverage premixes under their house brands and typically do not provide manufacturing services for third party brand owners.

Brand owners may also outsource manufacturing activities to manufacturing service providers (i.e. contract manufacturers) which provide manufacturing services on contract basis. Most of these manufacturing service providers provide manufacturing services for third party brand owners, but some of these companies may also manufacture instant beverage premixes under their own house brands as an additional source of revenue.

As Orgabio Holdings Group is involved in the provision of manufacturing services for instant beverage premixes primarily for third party brand owners, the competitive landscape of the industry will focus on manufacturing service providers or contract manufacturers in Malaysia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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Therefore, the basis for selection of the key industry players in the instant beverage premix industry in Malaysia is as follows:

- manufacturing service providers or contract manufacturers involved in the provision of manufacturing services for instant beverage premixes (comprises coffee premixes, tea premixes, chocolate premixes and milk-based premixes) for third party brand owners, as these are deemed the key competitors of Orgabio Holdings Group. These companies may also be involved in the provision of manufacturing services for other products, and manufacturing and distribution of their own branded products and/or trading of other products;
- companies with manufacturing facilities in Malaysia; and
- companies which recorded more than RM10.00 million revenue based on their respective latest available financial years.

Brand owners of instant beverage premixes who primarily manufacture their own products in-house and/or who outsource the manufacturing of instant beverage premixes to manufacturing service providers (i.e. companies who are not deemed as manufacturing service providers or contract manufacturers) are excluded as they are not deemed as key competitors of Orgabio Holdings Group. The key industry players are as shown below:

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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Company name	Examples of manufacturing services of products provided to third-party brand owners	Location of manufacturing plant	Latest available financial year	Revenue ^a (RM million)	Gross profit (RM million)	Gross profit margin (%)	Profit after tax ("PAT")/(Loss after tax) ("LAT") (RM million)	PAT/(LAT) margin (%)
Altratec Sdn Bhd	Instant beverage premixes and food related products	Selangor	31 December 2020	182.73	24.44	13.37	16.67	9.12
DCH Contract Manufacturing Sdn Bhd	Instant beverage premixes, liquid beverage and pharmaceutical tablet products	Selangor	31 December 2020	72.07	4.98	6.91	(0.94)	(1.30)
Orgabio Holdings Group	Instant beverage premixes	Selangor	30 June 2021	59.07	17.87	30.25	7.64	12.94
Ideal Beverage Marketing Sdn Bhd	Instant beverage premixes, cordial and food products	Selangor	31 December 2020 ^b	43.48	5.52	12.70	0.05	0.11
Syarikat Thong Guan Trading Sdn Bhd	Food products, tea and coffee bags, and instant beverage premixes	Kedah	31 December 2020	38.92	13.49	34.66	2.99	7.68
Gold Choice Food Industries Sdn Bhd	Instant beverage premixes	Penang	31 March 2021	26.24	6.80	25.91	(0.04)	(0.15)
The Only One Beverage Sdn Bhd	Instant beverage premixes, liquid beverage and food related products	Penang	30 November 2020	20.70	2.64	12.75	0.55	2.66
Cobizco Food Industries Sdn Bhd	Instant beverage premixes	Penang	31 August 2021	19.14	2.47	12.90	0.66	3.45
Exclusive Mark (M) Sdn Bhd	Instant beverage premixes, cordial and food products	Selangor	31 December 2020	16.81	2.64	15.70	(1.17)	(6.96)

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

Company name	Examples of manufacturing services of products provided to third-party brand owners	Location of manufacturing plant	Latest available financial year	Revenue ^a (RM million)	Gross profit (RM million)	Gross profit margin (%)	Profit after tax ("PAT")/(Loss after tax) ("LAT") (RM million)	PAT/(LAT) margin (%)
AIM Food Manufacturing Sdn Bhd	Instant beverage premixes and food related products	Melaka	30 September 2021	15.71	4.75	30.24	1.80	11.46
One Auto Worldwide (M) Sdn Bhd	Instant beverage premixes and food related products	Melaka	31 December 2020	12.60	2.31	18.33	0.65	5.16
Orang Kampung Corporation (M) Sdn Bhd	Instant beverage premixes, liquid beverage and supplements	Melaka	31 December 2019	12.51	5.20	41.57	(0.56)	(4.48)
Guan Tong Industries Sdn Bhd	Instant beverage premixes and liquid beverages	Kedah	31 December 2020	12.32	2.57	20.86	0.89	7.22
Ori Bionature (M) Sdn Bhd	Instant beverage premixes, food related products and skin care products	Selangor	30 June 2021 ^c	10.98	5.78	52.64	1.93	17.58
Malcoplus Foods Industry Sdn Bhd	Instant beverage premixes and food products	Perak	31 December 2020 ^d	8.26	1.05	12.71	0.41	4.96

Notes:

- Latest available as at 23 May 2022.
- The list above comprises manufacturing service providers or contract manufacturers. It excludes brand owners who are not deemed as manufacturing service providers or contract manufacturers, and excludes brand owners who outsource to manufacturing service providers or contract manufacturers. Hence, the total revenue of the key industry players shown in this list is not the same as the industry size shown under Industry Performance, Size and Growth section of this IMR Report.
- ^a Revenue may derive from other products and/or businesses as segmental revenue is not publicly available.
- ^b The financial statements for the latest available financial year covered a period of 18 months from 1 July 2019 to 31 December 2020.
- ^c The financial statements for the latest available financial year covered a period of 6 months from 1 January 2021 to 30 June 2021.
- ^d Prior to the submission of the Prospectus, as at the latest practicable date (LPD) of 1 March 2021, the industry player recorded more than RM10.00 million in revenue during the financial year 31 December 2019 and thus, is included in this IMR Report.

Sources: Orgabio Holdings Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER analysis

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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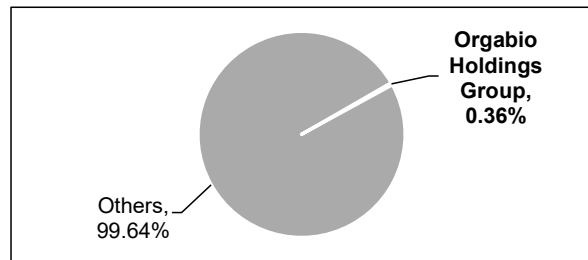
The key industry players identified in this IMR Report include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of key industry players is exhaustive.

Market Share

Based on latest available information, in 2021, the size of the coffee, tea, milk and cocoa beverage industry, as represented by manufacturing sales value (which include instant beverage premixes comprising coffee premixes, tea premixes, chocolate premixes and milk-based premixes) in Malaysia, was recorded at RM16.34 billion.

For the year ended 30 June 2021, the revenue from instant beverage premix manufacturing services and house brands for Orgabio Holdings Group was recorded at RM58.61 million, and thereby Orgabio Holdings Group captured a market share of 0.36% in Malaysia.

Instant beverage premix market share in Malaysia, 2021



Sources: Orgabio Holdings Group, SMITH ZANDER analysis

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8. 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 SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS**8.1.1 Our GP margin were affected by the volatility in prices of supplies**

The prices of key supplies used by our Group are volatile according to the global commodity prices, which are mainly caused by the COVID-19 pandemic as well as global supply and supply chain disruptions. Key supplies used by us include coffee powder, milk powder, creamer, sugar and sachet foils which constitute between 57.65% to 79.98% of our cost of sales for the past 4 FYEs and FPE 2022 as follows:

	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Coffee powder	4,867	27.53	4,577	23.95	3,490	15.69	3,668	10.27
Milk powder	485	2.74	992	5.19	4,122	18.54	8,850	24.77
Creamer	5,435	30.74	4,962	25.97	3,684	16.57	4,016	11.24
Sugar	1,254	7.09	1,198	6.27	1,110	4.99	1,255	3.51
Sachet foils	2,100	11.88	2,722	14.24	2,019	9.08	2,810	7.86
	14,141	79.98	14,451	75.62	14,425	64.87	20,599	57.65

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Coffee powder	2,028	11.19	3,228	13.09
Milk powder	4,890	26.97	4,186	16.97
Creamer	1,534	8.46	3,432	13.92
Sugar	502	2.77	1,175	4.76
Sachet foils	2,597	14.32	5,293	21.46
	11,551	63.71	17,314	70.20

Between FPE 2021 and FPE 2022, our cost per unit of coffee powder increased at an average price of 4.73%, milk powder at an average price of 2.04%, creamer at an average price of 6.35%, sugar at an average price of 14.41% and sachet foils at an average price of 9.83%.

The increase in prices of key supplies has impacted our GP margins as follows:

	Audited				Unaudited	Audited
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	32,670	31,696	39,373	59,072	29,330	34,843
GP margin (%)	36.15	25.63	31.53	30.25	30.09	18.56
PAT margin (%)	16.85	7.14	14.31	12.94	15.61	7.77

8. RISK FACTORS (Cont'd)

GP margins recorded during FPE 2022 was 18.56% which is lower as compared to our past GP margins of between 25.63% to 36.15%. This was despite recording revenue of RM34.84 million, which is higher than the revenue of RM29.33 million recorded for FPE 2021. Kindly refer to Section 11.2.3(iv) for further details on the effects of price fluctuations of supplies on our financial performance for the past 4 FYEs and FPE 2022.

We have begun to pass on the increase in cost of key supplies to our customers by increasing our selling price progressively in order to improve our GP margins and have factored in the increase of raw material prices when issuing quotations to new customers. We provide our customers with 3 months advanced notice on the changes in prices and upon agreement, new purchase orders with the adjusted pricing will be issued for future orders.

However, if the cost of our key supplies continues to increase, we may not be able to fully pass on such increase to our customers in a timely manner and as such, may continue to record lower GP margins in the interim period. As such, the historical trend of our GP margin may not reflect our future GP margin trend.

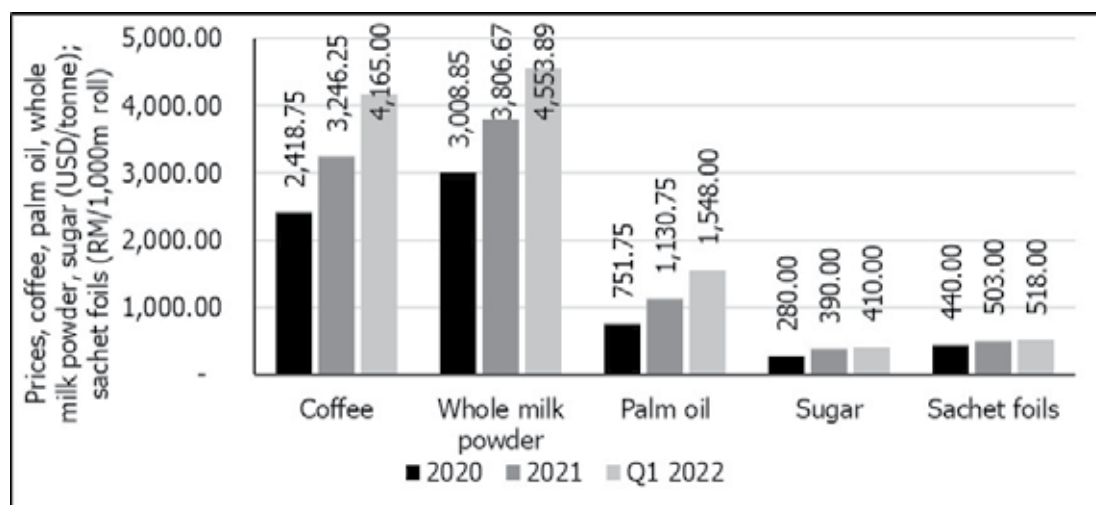
We further wish to highlight that according to the IMR Report, the increase in prices of raw materials resulted from the following:

- (i) The COVID-19 pandemic, where the prices of raw materials for instant beverage premixes, as well as packaging materials had been increasing due to the increase in demand for at-home consumption of instant beverage premixes as consumers are confined to their homes as a result of mandatory movement and business operations restrictions. These restrictions have also caused disruptions to the supply of raw materials which has contributed to the increase in the prices of raw materials and thus impacting manufacturing costs for manufacturers; and
- (ii) In February 2022, the Russia-Ukraine conflict has escalated supply chain disruptions whereby the export of commodities including agricultural commodities have been adversely impacted. Russia has imposed export bans on domestic supplies for certain food products as uncertainty surrounding the supplies of such commodities rise, which further tightens the global availability of these commodities. These impacts have driven the global prices of these commodities. Further, the disruption in the supply of sunflower oil from Ukraine has driven the demand for palm oil as a substitute by importers, which has resulted in the rise of global palm oil prices. Nevertheless, as the effects of supply chain disruptions caused by the COVID-19 pandemic and Russia-Ukraine conflict subside over time, the global prices of commodities, as well as packaging materials are expected to reduce and stabilise in the long term.

Furthermore, in April 2022, the Government of Indonesia announced an export ban on palm oil, specifically crude palm oil (CPO), refined, bleached and deodorised ("RBD") palm oil and RBD palm olein, in an effort to curb the rise in domestic cooking oil prices. As Indonesia is the largest exporter of palm oil globally, the export ban adversely impacted the global supply of palm oil, which further drove global palm oil prices. The export ban was implemented from 28 April 2022. On 19 May 2022, the Government of Indonesia announced the upliftment of the export ban on palm oil effective 23 May 2022. Nevertheless, in the event that the export ban on palm oil is reimposed by the Government of Indonesia, similar impact to the global supply of palm oil and global palm oil prices are expected to be observed.

8. RISK FACTORS (Cont'd)

Below are the global prices of coffee, whole milk powder, palm oil (one of the main ingredients in the production of creamer) and sugar, as well as purchase prices of sachet foils by our Group:



Percentage increase (%)	Coffee	Whole milk powder	Palm oil	Sugar	Sachet foils
2020 - Q1 2022 ⁽¹⁾	72.20	51.35	105.92	46.43	17.73
2021 - Q1 2022 ⁽²⁾	28.30	19.63	36.90	5.13	2.98

Notes:

(1) Based on the average price in 2020 and average price in Q1 2022.

(2) Based on the average price in 2021 and average price in Q1 2022.

Sources: World Bank, United States Department of Agriculture, our Group

From 2020 to Q1 2022, prices of coffee, whole milk powder, palm oil, sugar and sachet foils were at an increasing trend at 72.20%, 51.35%, 105.92%, 46.43% and 17.73%, respectively; and from 2021 to Q1 2022, prices of coffee, whole milk powder, palm oil, sugar and sachet foils also increased by 28.30%, 19.63%, 36.90%, 5.13% and 2.98%, respectively.

8.1.2 Our business and operations were impacted by the outbreak of the COVID-19 virus

Our business and operations faced temporary interruption pursuant to the outbreak of the COVID-19 virus globally. The imposition of the MCO effective on 18 March 2020 to 3 May 2020 by the government of Malaysia to contain the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from the relevant governmental bodies.

As our business is categorised under essential services, we were allowed to continue operating during the MCO period. Nevertheless, between 18 March 2020 and 3 May 2020, we were required to adhere to the standard operating procedures set out by MITI whereby we had reduced our Group's total workforce to a capacity of 50%.

8. RISK FACTORS *(Cont'd)*

Resulting from the COVID-19 pandemic, we received a suspension of order from 1 foreign customer, namely Loi Hein (Singapore) Pte Ltd, our major customer in the FYE 2019 and FYE 2020. Based on the total purchase order received from Loi Hein (Singapore) Pte Ltd, the suspension of order was USD0.45 million (approximately RM1.85 million) and we are unable to recognise such revenue until we complete the fulfilment of the order. Further, the imposition of the MCO had resulted in delays of up to 2 weeks in our delivery schedule, for both local orders and export orders, arising from logistics disruptions during the initial stage of the MCO. Similarly, we also experienced delays in receiving supplies purchased from overseas which had resulted in a 1-month delay in fulfilling our orders to Bryden Pi Ltd.

The imposition of the second MCO in Selangor from 13 January 2021 to 4 March 2021, the third MCO in Selangor from 6 May 2021 to 31 May 2021, the NRP (phase 1) from 1 June 2021 to 9 September 2021 did not cause any adverse impact to our operations, including the procurement and receipt of supplies and fulfilment of orders. The imposition of the enhanced MCO from 3 July 2021 to 16 July 2021 affected our operations, as our Group was not allowed to operate from 3 July 2021 to 7 July 2021 as coffee and tea manufacturing was not included in the list of essential food and beverage manufacturing. Orders from our local and foreign customers which were intended to be manufactured and/or delivered from 3 July 2021 to 7 July 2021 were temporarily delayed. However, our customers did not initiate any penalty claims against our Group arising from the delay. On 7 July 2021, MITI included coffee and tea manufacturing in the list of essential food and beverage manufacturing which allowed us to resume our operations on 8 July 2021, and as of 30 July 2021, these delayed orders have been fulfilled. The imposition of the NRP (phase 2) from 10 September 2021 to 30 September 2021 and the NRP (phase 3) from 1 October 2021 to 17 October 2021 also did not cause any adverse impact to our operations, including the procurement and receipt of supplies and fulfilment of orders. Further, the imposition of the NRP (phase 4) from 18 October 2021 onwards is not expected to cause any adverse impact to our operations, including the procurement and receipt of supplies and fulfilment of orders. As such, our Group does not expect any adverse impact to our financial performance for the FYE 2022 arising from the imposition of the second MCO, the third MCO, the NRP (phase 1, phase 2, phase 3 and phase 4) and the enhanced MCO.

Nevertheless, if there is any tightening of movement restriction in the future which result in reduction of workforce or closure of our operations, there can be no assurance that our manufacturing schedule will not be materially impacted and that we will be able to fulfil our orders in a timely manner. Further, there can be no assurance that our customers will not initiate any penalty claims against our Group arising from the delay, which may result in adverse impact on our financial performance.

Notwithstanding that our Group had undertaken necessary precautionary measures and steps in response to the COVID-19 situation, there can be no assurance that our employees will not be infected by the COVID-19 virus. Should all or a portion of our employees be quarantined as a result of potential infection, our business operations may be affected due to a temporary shortage of workers.

Additional details on interruptions to our business operations are set out in Section 6.7.4.

8.1.3 We are dependent on a few major customers who contribute substantially to our revenue

We are dependent on the following major customers:

- (i) Hai-O Enterprise Berhad which contributed 57.33%, 45.16%, 31.04%, 18.93% and 19.28% of our Group's revenue, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. The majority of our sales to Hai-O Enterprise Berhad were from the sale of

8. RISK FACTORS *(Cont'd)*

one coffee premix product which amounted to RM16.40 million, RM14.32 million, RM12.11 million, RM10.85 million and RM6.60 million, which contributed 87.56%, 100.00%, 99.08%, 97.05% and 98.24% of our total sales to Hai-O Enterprise Berhad, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. They have been our customer since 2007.

- (ii) TDC Avenue Sdn Bhd which contributed 6.35%, 13.64%, 38.54%, 56.82% and 45.31% of our Group's revenue, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. Our sales to TDC Avenue Sdn Bhd were from the sale of one food supplement premix product which amounted to RM2.07 million, RM4.32 million, RM15.17 million and RM33.56 million, respectively, in the past 4 FYEs 2018 to 2021 and 3 food supplement premix products which amounted to RM15.79 million in FPE 2022. The sale of food supplement premix products contributed 100.00% of our total sales to TDC Avenue Sdn Bhd. They have been our customer since 2008.

Collectively, Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd have contributed 69.58%, 75.75% and 64.59% to our Group's revenue for FYE 2020, FYE 2021 and FPE 2022, respectively.

In addition to our dependency on Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd as our top 2 major customers, we are also dependent on certain products from both of these customers, namely 3 coffee/tea premix products from Hai-O Enterprise Berhad and 3 food supplement premix products from TDC Avenue Sdn Bhd. Any decision by our customers to discontinue any of these instant beverage premixes will affect our financial performance.

Additional information on our major customers is set out in Section 6.21.

Any loss of these major customers and our inability to replace these customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our financial performance. Further, even though we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales value and maintain and/or improve our profit margins. If such adverse events occur, our financial performance will be adversely affected.

8.1.4 Absence of long-term contracts with our customers and supply agreements with our suppliers may result in the fluctuation of our Group's financial performance and may affect our business and results of operations

We have not entered into any long-term contracts with our customers as our sales are derived based on purchase orders whereby our customers will purchase our services on an as-needed basis. The lack of long-term contracts is mainly due to the nature of our business and the prevailing customer practices where the demand for our services is subject to our customers' needs and business decisions. Further, it is common for customers to replenish their stocks only when inventory levels are low due to the long shelf-life of instant beverage premixes which typically ranges between 1 to 2 years.

The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance. It poses risks to our Group as any business decision made by our customers, resulting in the reduction of purchases from our Group, may affect our financial performance. Should our existing customers cease purchasing from our Group, and if we are unable to replace these customers with new customers in a timely manner, our financial performance may be adversely affected.

8. RISK FACTORS (Cont'd)

While we strive to ensure customer satisfaction by improving our product quality, strengthening existing business relationships and establishing relationships with new customers to expand our customer base, any adverse economic conditions or slowdowns in the demand for instant beverage premixes may negatively impact our sales, which will consequently result in a decline in our financial performance.

We have not entered into any supply agreements with our suppliers to secure the long term supply of our raw materials. As such, there can be no assurance that we will be able to consistently source for raw materials at the quantities required and at competitive pricing from the same suppliers. In the event that we are unable to procure certain food ingredients from our existing suppliers, we may be able to replace with other suppliers but we may not be able to achieve taste profile with no discernible difference in our instant beverage premixes as the product profile of the food ingredients may differ from one supplier to another supplier. While the new suppliers may be able to supply the food ingredients with the closest taste profile as the original suppliers, there is no assurance that we will continue to be able to achieve the same taste profile in our instant beverage premixes all the time. In such instances, we may face risk of delivery delays as more time is spent to adjust the taste profile of the instant beverage premixes and if we are unable to adjust the taste profile based on our customers' requirements, we may produce instant beverage premixes that have slightly different taste profile than the original instant beverage premixes, which may lead to customer dissatisfaction and potential cancellation of orders, which may subsequently adversely affect our sales and reputation.

8.1.5 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. We have obtained the necessary licences and approvals from various governmental authorities for our business, as set out in Section 6.18.

The licences and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities.

8.1.6 We are exposed to risks arising from the imposition of the excise duty on instant beverage premix preparations with sugar content exceeding a stipulated amount

In the Budget 2022, the Government announced that excise duty at the rate of RM0.47 per 100g will be imposed on mixed chocolate or cocoa preparations, mixed malt preparations, and pre-mixed coffee and mixed tea preparations, with sugar content threshold of more than 33.3g/100g. Since the announcement of the imposition of the excise duty, on 31 March 2022, the Royal Malaysian Customs Department announced that the implementation of the excise duty which was scheduled to have taken effect from 1 April 2022 has been postponed to a date to be announced. The party liable for the payment of the excise duty (i.e. our Group, our customers or the end-consumers) remain unclear.

Nevertheless, should the excise duty be imposed on our Group, the excise duty may be passed on to our customers or to the end-consumers. However, if we are unable to pass on the excise duty to our customers or to the end-consumers, our financial performance may be adversely affected. For illustration purposes, based on our revenue in the FYE 2021 and FPE 2022 comprising instant beverage premix manufacturing services and the sales of house brand instant beverage premixes, approximately 8.63% and 11.30% of our revenue, respectively, may be subject to the excise duty proposed in the Budget 2022, which translates to approximately RM1.73 million and RM0.20 million in excise duty.

8. RISK FACTORS (Cont'd)

Further, if our customers request for instant beverage premix with lower sugar content, we will be subject to product development activities involving the development of new range of instant beverage premix or reformulation of existing instant beverage premix with sugar content lower than 33.3g/100g, to be introduced to the end-consumers. With this, we will incur additional time for product development and there is no assurance that the product development activities will be successful. There is additional cost to be incurred for product development requested by our customers, which is not expected to materially affect our financial performance. Further, any new range of instant beverage premixes may require time to market which may cause delay in sales, and there is also no assurance that the instant beverage premixes introduced will be well accepted by the end-consumers. In such instances, our customers may reduce their orders and our financial performance will be adversely affected. There is no typical time to market for our customers' new range of instant beverage premixes, as the time to market varies from product to product. As at the LPD, we continue to receive requests from our customers to develop new range of instant beverage premix or reformulate existing instant beverage premix with sugar content lower than 33.3g/100g.

As for our house brand instant beverage premixes, *Everyday* "Low GI Coffee" has sugar content lower than 33.3g/100g, while the remaining *Everyday* products and all *BrogaHill* products have sugar content higher than 33.3g/100g. We may reformulate the instant beverage premixes for *Everyday* "White Coffee (Flat White)", "3-in-1 Premix Coffee – Original", "Coffee Tea (Cham)" and "Matcha Latte" to lower the sugar content, and we intend to retain the product formulation for *BrogaHill* products to provide our customers with alternative choices according to their preference. There is no assurance that the reformulation will be successful. Further, the reformulated instant beverage premixes may require time to market which may cause delay in sales, and there is also no assurance that the reformulated instant beverage premixes will be well accepted by the end-consumers. In such instances, the sales of our house brand instant beverage premixes will decline and our financial performance will be affected.

8.1.7 We may face delays in the construction of our new factory

We plan to construct a new factory on the Semenyih Land and this will allow us to increase our manufacturing capacity and enhance the efficiency of our manufacturing. We expect to complete the construction of the new factory by March 2023.

The construction of the new factory within time and budget is subject to the following risks and uncertainties:

- (i) Our ability to obtain the requisite approvals and licences, including the following:
 - (a) The issuance of Certificate of Completion and Compliance; and
 - (b) Issuance of manufacturing licence from MITI/MIDA,
- (ii) Delays in machinery procurement and relocation of our existing machinery from our Berang Factory.

Delays in the construction of our new factory may lead to higher than anticipated construction costs. In such event, we may be required to utilise our internally generally funds which will reduce our available working capital or utilise additional bank borrowings which will increase our interest cost to fund the increase in construction costs.

8. RISK FACTORS (Cont'd)

8.1.8 We are exposed to risk arising from food contamination

Food contamination is an inherent risk in all food and beverage operations. We are exposed to the risk of food contamination due to numerous processes involved in instant beverage premix manufacturing.

The food ingredients used in our manufacturing comprises powdered ingredients which has to be handled and stored in dry conditions. Such ingredients are vulnerable to contamination from the growth of mould if not properly handled, stored and packed. Any contamination in our 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 fine and/or temporary closure of our operations 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 stress and educate our employees on our food safety standards, there is no assurance that we will be able to continuously maintain the highest level of food safety standards and that we will not be exposed to the risks of food contamination in the future.

In the past 4 FYEs 2018 to 2021 and FPE 2022, there was 1 occurrence where a small piece of plastic strip of the filling cup from our filling machine was found in a sachet. Our customer lodged the complaint to us pursuant to the complaint lodged by the consumer against the incident, but did not initiate any claims against our Group. Due to this, we replaced the plastic strip of the filling cups for all our filling machines to a single large lining, to prevent any small pieces of plastic strips from detaching and inadvertently sealed into the sachets. This is to prevent the reoccurrence of similar incidents.

8.1.9 We may not be able to source food ingredients and ingredients for body care product with similar taste profile and composition of properties from alternative suppliers

Food ingredients are generally readily available and can be easily sourced locally and overseas as there are many alternative suppliers available in the market. Nevertheless, the product profile may differ slightly 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 can be no assurance that we will be able to achieve the similar taste profile in our instant beverage premixes. Hence, there is no assurance that the instant beverage premixes manufactured for third party brand owners as well as for house brands will continue to be well accepted by end-consumers. Should there be any negative response to our instant beverages premixes due to a change in taste profile, our financial performance may be adversely affected if brand owners reduce their purchases from our Group due to lower demand for the products.

Further, the ingredient for our body care product, namely aloe vera gels is currently sourced from an overseas supplier. While we have not encountered any major disruptions in the supply of aloe vera gels in the past 4 FYEs 2018 to 2021 and FPE 2022, there is no assurance that in the event of a disruption, we will be able to source for aloe vera gels with similar composition of properties from other suppliers. Further, if our Group is forced to change our existing supplier due to unforeseen circumstances, there is no assurance that our customer will continue to engage our services for the manufacturing of aloe vera gel. Any discontinued engagement of our services may adversely impact our financial performance.

8. RISK FACTORS (Cont'd)

8.1.10 We are dependent on our Executive Deputy Chairman, Executive Director/Chief Executive Officer, Executive Director and key senior management for continued success and the loss of their continued services may affect our business

Our continued and future success largely depends on the continuing contribution of our Executive Deputy Chairman, Executive Director/Chief Executive Officer, Executive Director and key senior management, namely Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hen Loen, Ean Yong Hien Chal, Ngooi Sok Ling and Tok Ai Mei. With their experience in their respective fields and in-depth knowledge of the instant premix beverage industry and our business, they play a pivotal role in our daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group. They are involved in overseeing our manufacturing, quality assurance and quality control, execution of growth strategies, financial and accounting functions of our Group as well as procuring new suppliers and customers, and maintaining relationships with all our suppliers and customers.

We recognise that our Group's continuing success and future growth depend significantly on the capabilities and efforts of our Executive Deputy Chairman, Executive Director/Chief Executive Officer, Executive Director and key senior management. As such, any loss of these personnel, and our inability to find a suitable replacement in a timely manner, may create an unfavourable or material impact on our Group's operations, and may eventually affect our ability to maintain and/or improve our business performance.

8.1.11 We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group

For the past 4 FYEs 2018 to 2021 and FPE 2022, our export sales contributed 19.02%, 27.11%, 17.32%, 9.95% and 21.90% to our Group's total revenue respectively. The revenue generated from export sales are denominated in USD, RMB and SGD. In the FYE 2020, sales denominated in USD amounted to RM5.19 million and sales denominated in RMB amounted to RM1.63 million. In the FYE 2021, sales denominated in USD amounted to RM5.05 million, sales denominated in RMB amounted to RM0.39 million and sales denominated in SGD amounted to RM0.39 million. In the FPE 2022, sales denominated in USD amounted to RM6.35 million, sales denominated in RMB amounted to RM0.57 million and sales denominated in SGD amounted to RM0.71 million.

For illustration, assuming the fluctuation of RM against the USD and RMB is 5%, this will result in an increase or decrease in our GP for the FYE 2020 by RM0.34 million, depending on the direction of the foreign exchange. For illustration, assuming the fluctuation of RM against the USD, RMB and SGD is 5%, this will result in an increase or decrease in our GP for the FYE 2021 by RM0.29 million, depending on the direction of the foreign exchange. For illustration, assuming the fluctuation of RM against the USD, RMB and SGD is 5%, this will result in an increase or decrease in our GP for the FPE 2022 by RM0.38 million, depending on the direction of the foreign exchange. As our Group continues to expand our export sales, any fluctuation in foreign exchange rates will have an impact on our financial performance.

Further, some of our supplies such as coffee powder, flavouring, maltodextrin, aloe vera gels, sachet foils and packing bags are sourced from overseas and are denominated in USD, RMB and SGD. For the past 4 FYEs 2018 to 2021 and FPE 2022, our purchase of supplies denominated in the respective currencies are as follows:

8. RISK FACTORS (Cont'd)

Purchases in:	Audited							
	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RM	14,786	80.61	17,970	84.07	19,867	86.79	33,662	91.45
USD	3,240	17.66	3,059	14.31	2,602	11.37	2,606	7.08
RMB	297	1.62	285	1.33	263	1.15	321	0.87
SGD	20	0.11	61	0.29	159	0.69	220	0.60
	18,343	100.00	21,375	100.00	22,891	100.00	36,809	100.00

Purchases in:	Unaudited		Audited	
	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
RM	18,181	92.30	23,495	86.63
USD	1,219	6.19	1,946	7.17
RMB	190	0.96	158	0.58
SGD	107	0.55	1,524	5.62
	19,697	100.00	27,123	100.00

In the FYE 2020, FYE 2021 and FPE 2022, our purchases of supplies from our overseas suppliers amounted to RM3.02 million, RM3.15 million and RM3.63 million, respectively. For illustration, assuming the fluctuation of RM against the USD, RMB and SGD is 5% and such foreign exchange fluctuations is not passed on to customers by way of selling price changes, this will result in an increase or decrease in our GP by RM0.15 million, RM0.16 million and RM0.18 million for the FYE 2020, FYE 2021 and FPE 2022 respectively, depending on the direction of the foreign exchange movement between RM and said currencies.

Our Group is dependent on foreign suppliers for the purchase of coffee powder and maltodextrin due to the limited availability of coffee powder and maltodextrin manufacturers in Malaysia. Additionally, each supplier has their own profile of coffee powder and therefore, we may not be able to easily source similar coffee powder from local suppliers. This further exposes us to the risk of foreign exchange fluctuations as we need to source for supplies from foreign suppliers. Further, there can be no assurance that we will be able to source similar coffee powder and maltodextrin at the quantities required and at competitive pricing from other foreign suppliers. In such instances, our manufacturing and delivery may be disrupted or delayed, which will materially adversely affect our business and results of operations.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risks for the revenue from our foreign sales and the purchase of our supplies. A depreciation of the RM against any of the currencies will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

There is a lead time of approximately 30 days between receiving purchase orders from customers and delivery of completed products, depending on the size of the order. This exposes us to foreign exchange fluctuation risks as we are unable to accurately price in all possible future depreciation of RM which may cause our revenue to be less than originally anticipated.

8. RISK FACTORS (Cont'd)

8.1.12 Our business is exposed to unexpected interruptions or delays caused by equipment failures, fire, as well as environmental factors (including natural disasters and outbreak of diseases), some of which may be beyond our control, which may lead to interruptions in our operations

We rely on machinery and equipment such as the filling machine and mixer to carry out manufacturing activities in our factory. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during 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 machinery, resulting in interruptions to or prolonged suspension of our manufacturing activities. Any prolonged interruptions to our manufacturing activities will affect our ability in adhering to our manufacturing schedule, thus causing delays in the delivery of products to our customers. This could adversely impact our relationships with customers, financial performance and industry reputation.

For the past 4 FYEs 2018 to 2021 and FPE 2022, we have not experienced any incidents of unanticipated machinery and equipment failures or catastrophic damages as a result of fires or floods, which led to major interruptions in our operations. However, there can be no assurance that such incidences will not happen in the future. In the event that these incidences occur, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

8.1.13 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities.

As at LPD, the Group has taken up the following insurance policies:

- (i) Fire insurance policy, with a sum insured of RM13.25 million; and
- (ii) Burglary and product liability insurance policy, with a sum insured of RM1.60 million.

However, our insurance may not be adequate to cover all losses or liabilities that might incur in our 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 other 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 were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are subject to stringent licencing requirements, relevant food regulations and hygiene standards

Among the certifications that we have received are ISO 22000:2005, HACCP, FSSC 22000, MeSTI and GMP. We are also required to obtain and maintain a number of licences and permits from the relevant authorities to operate our business as set out in Section 6.13.

8. RISK FACTORS (Cont'd)

The manufacturing licences of Orgabio Manufacturing stipulate that 80% of the workforce has to be Malaysian citizens by 31 December 2022. As at LPD, Orgabio Manufacturing has not complied with such conditions. If Orgabio Manufacturing is unable to comply with such condition by 31 December 2022, its manufacturing licences may be suspended or revoked and this will negatively affect our business operations. In order to fulfil this condition, we will increase the hiring of local workers and reduce the hiring of additional foreign workers.

If we are unable to comply with all regulations or conditions of our certifications, licences and permits, such certifications, licences and permits may be suspended or revoked and this will negatively affect our business operations. There is also 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 our business.

8.2.2 We are dependent on the existing foreign workers for our manufacturing activities

Despite our commitment to fulfil the condition which stipulates that 80% of our workforce has to be Malaysian citizens by 31 December 2022, we are still reliant on our existing foreign workers in our production, and procurement and warehousing department to carry out our manufacturing activities.

As at the LPD, we have 30 foreign workers, accounting for 35.71% of our total workforce. Among our foreign workers, 29 workers are from our production department (representing 63.04% of total workforce in our production department), whereas the remaining 1 worker is from our procurement and warehousing department (representing 14.29% of total workforce in our procurement and warehousing department). All of our foreign workers have valid working permits, which are renewed annually. The loss of our existing foreign workers without timely replacements may adversely disrupt our operations. The hiring of new local employees to replace the foreign workers may require some time as they may not be immediately available. Further, new employees will need time to familiarise with the operations of our machinery. In such event, our manufacturing activities may be affected and our deliveries may be delayed, which in turn may materially and adversely affect our business operations and financial performance.

8.2.3 We are subject to the rise in salary cost with the revision of national minimum wages

On 19 March 2022, the Government announced that the national minimum wages will be revised to RM1,500 per month from 1 May 2022. As such, from 1 May 2022, our Group will revise the salary for employees earning less than RM1,500 per month to RM1,500 per month. The revision of minimum wages is expected to increase our salary cost by approximately RM85,000 per annum, which will not materially affect our financial performance.

Further, our salary cost may continue to increase in the future if the Government continues to revise the relevant policies. 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.

8.2.4 We are subject to risk relating to the economic, political and/or legal environment in countries we export to

In the past 4 FYEs 2018 to 2021 and FPE 2022, our foreign sales accounted for 19.02%, 27.11%, 17.32%, 9.95% and 21.90% of our total revenue respectively. As we continue to expand our business, our financial performance and results of operations are expected to be affected by the economic, political and/or legal conditions in countries we export to.

8. RISK FACTORS (Cont'd)

Conducting business in foreign markets also require us to comply with foreign laws and regulations covering many aspects including trade laws and licensing regulations, and these laws and regulations may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control. There can be no assurance that any adverse economic, political and/or legal developments in countries we export to will not materially affect the financial performance of our Group.

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) The selected investors fail to subscribe for the IPO Shares;
- (ii) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (iii) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

8. RISK FACTORS (Cont'd)

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8.3.3 The trading price of our Shares following our Listing may be volatile

The trading price of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, 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. Sentiments are 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 witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

8.4 OTHER RISKS**8.4.1 Our Promoter will be able to exert significant influence over our Company**

Our Promoter will hold 61.00% of our enlarged share capital upon Listing. Because of the size of its shareholdings, our Promoter will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless it is required to abstain from voting by law and/or as required by the relevant authorities.

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9. RELATED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, we have not entered into any related party transactions with our Directors, substantial shareholders, key senior management personnel and/or persons connected with them for the past 4 FYEs 2018 to 2021, FPE 2022 and up to the LPD.

Transacting parties	Interested persons	Nature of transaction	Value of transactions					
			FYE 2018 RM	%	FYE 2019 RM	%	FYE 2020 RM	%
Orgabio Manufacturing and Ean Yong Hien Voon	Ean Yong Hien Voon, our Executive Director/Chief Executive Officer and indirect substantial shareholder	Rental of a single storey terrace house by Ean Yong Hien Voon to Orgabio Manufacturing for use as workers' hostel ⁽ⁱ⁾	5,400	0.03 ⁽ⁱⁱ⁾	5,400	0.02 ⁽ⁱⁱ⁾	5,400	0.02 ⁽ⁱⁱ⁾

Transacting parties	Interested persons	Nature of transaction	Value of transactions					
			FYE 2021 RM	%	FPE 2022 RM	%	From 1 July 2021 up to the LPD RM	%
Orgabio Manufacturing and Ean Yong Hien Voon	Ean Yong Hien Voon, our Executive Director/Chief Executive Officer and indirect substantial shareholder	Rental of a single storey terrace house by Ean Yong Hien Voon to Orgabio Manufacturing for use as workers' hostel ⁽ⁱ⁾	5,400	0.02 ⁽ⁱⁱ⁾	2,700	0.01 ⁽ⁱⁱ⁾	4,950	0.01 ⁽ⁱⁱ⁾

9. RELATED PARTY TRANSACTIONS (Cont'd)

Transacting parties	Interested persons	Nature of transaction	Value of transactions					
			FYE 2021		FPE 2022		From 1 July 2021 up to the LPD	
			RM	%	RM	%	RM	%
Orgabio Manufacturing and Ean Yong Hian Wah	Ean Yong Hian Wah. He is: (i) The son of Dato' Ean Yong Tin Sin and Datin Lai You Mooi; and (ii) The brother of Ean Yong Hien Voon, Ean Yong Hien Chal, Ean Yong Han Khian, Ean Yong Hen Loen and Ean Yong Sik Siew	Purchase of a motor vehicle by Orgabio Manufacturing from Ean Yong Hian Wah	140,000	1.83 ⁽ⁱⁱⁱ⁾	-	-	-	-

Notes:

- (i) This related party transaction is expected to recur after the Listing. The tenancy is for a period of 2 years up to 31 October 2022 with an option to renew for a period to be determined by the parties in writing. The rental rate paid to Ean Yong Hien Voon is based on the prevailing market rental rates and is the same rental rate paid by the Group for the rental of another single storey terrace house (from a non-related party) in the same area. Kindly refer to Section 6.17.2 of the Prospectus for additional information.
- (ii) Calculated based on our Group's cost of sales for each of the respective financial years/period and as at the LPD.
- (iii) Calculated based on our Group's PAT for each of the respective financial years/period and as at the LPD.

9. RELATED PARTY TRANSACTIONS (Cont'd)

As at the LPD, there are no related party transactions entered into but not yet effected.

Our Directors are of the view that the above related party transaction was conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) 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 nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

9. RELATED PARTY TRANSACTIONS (Cont'd)

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

9.2 OTHER TRANSACTIONS

(i) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the financial years/period under review and up to the LPD.

(ii) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the past 4 FYEs, FPE 2022 and up to the LPD:

(a) Personal guarantees

The following Directors and persons related to them had extended personal guarantees for banking facilities extended to our Group as at the LPD:

- (aa) Dato' Ean Yong Tin Sin, our Executive Deputy Chairman;
- (bb) Ean Yong Hien Voon, our Executive Director/Chief Executive Officer;
- (cc) Ean Yong Hen Loen, our Executive Director;
- (dd) Ean Yong Hien Chal, the son of Dato' Ean Yong Tin Sin;
- (ee) Ean Yong Han Khian, the son of Dato' Ean Yong Tin Sin;
- (ff) Datin Lai You Mooi, the wife of Dato' Ean Yong Tin Sin; and
- (gg) Lim Chew Liew, the wife of Ean Yong Hien Voon.

In conjunction with the Listing, the respective banks had agreed to discharge the said personal guarantees upon the completion of the Listing.

9. RELATED PARTY TRANSACTIONS (Cont'd)

(b) Amount due to/from related parties/Directors

(aa) Amount due to related parties

The amount due to related parties for the past 4 FYEs, FPE 2022 and up to the LPD:

Amount due to related parties	FYE	FYE	FYE	FYE	FPE	As at
	2018	2019	2020	2021	2022	LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
• Top Mall Sdn Bhd*	41	41	40	-	-	-
• Ean Yong & Sons	-	-	-	4	-	-

Note:

* A property investment holding company owned by Ean Yong Hien Voon (35.71%) and his mother, Datin Lai You Mooi (64.29%).

Top Mall Sdn Bhd had paid certain expenses on behalf of our Group prior to FYE 2018. This amount does not carry any interest and as such, is not undertaken on arm's length basis. This amount has been repaid in FYE 2021.

Ean Yong & Sons had paid certain expenses on behalf of our Group in FYE 2021. This amount does not carry any interest and as such, is not undertaken on arm's length basis. This amount has been repaid in FPE 2022.

(bb) Amount due from related parties/Directors

The amount due from related parties/Directors for the past 4 FYEs, FPE 2022 and up to the LPD:

Amount due from related parties/Directors	FYE	FYE	FYE	FYE	FPE	As at
	2018	2019	2020	2021	2022	LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
• Top Mall Sdn Bhd	100	108	108	-	-	-
• Ean Yong & Sons	3	4	9	-	-	-
• Dato' Ean Yong Tin Sin	218	185	-	-	-	-
• Ean Yong Hien Voon	710	698	-	-	-	-
• Ean Yong Hen Loen	32	26	-	-	-	-
• Datin Lai You Mooi	164	165	-	-	-	-
• Lim Chew Liew	5	30	-	-	-	-
• Ean Yong Hien Chal	20	27	-	-	-	-
• Ean Yong Han Khian	1	2	-	-	-	-
	1,253	1,245	117	-	-	-

Amount due from related parties were due to advances made to them. These advances do not carry any interest and as such, is not undertaken on arm's length basis. This amount has been repaid in FYE 2021.

9. RELATED PARTY TRANSACTIONS (Cont'd)

(iii) Financial assistance provided for the benefit of a related party

Save as disclosed below, there were no financial assistance provided by us for the benefit of any related party for the financial years/period under review and up to the LPD:

- (a) We had on 9 April 2015 provided a corporate guarantee amounting to RM1.27 million to a financial institution for the benefit of Top Mall Sdn Bhd, a company related to Ean Yong Hien Voon. This is in relation to a loan taken by Top Mall Sdn Bhd for the purchase of a property. As at the LPD, the corporate guarantee has been discharged.

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10. CONFLICT OF INTERESTS

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

Save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade or are the customers and/or suppliers of our Group:

(i) Hai-O Enterprise Berhad

Hai-O Enterprise Berhad is our major customer and had contributed 57.33%, 45.16%, 31.04%, 18.93% and 19.28% to our Group's revenue, respectively in the past 4 FYEs 2018 to 2021 and FPE 2022. They have been our customer since 2007. Hai-O Enterprise Berhad is principally engaged in the wholesaling, direct selling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding activities and property holding activities.

We had on 22 March 2021 entered into a Cornerstone Investment Agreement (which was varied via the exchange of letters dated 15 September 2021 and 15 April 2022) with Hai-O Enterprise Berhad, the Cornerstone Investor. Under this agreement, Hai-O Enterprise Berhad shall subscribe for 24,786,800 IPO Shares, representing 10.00% of our total enlarged share capital at the IPO Price.

Upon Listing, Hai-O Enterprise Berhad shall be our major shareholder and sales to Hai-O Enterprise Berhad shall be deemed as related party transactions under the Listing Requirements.

In order to mitigate any potential conflict of interest, our Audit and Risk Management Committee has reviewed the transactions with Hai-O Enterprise Berhad for the past FYEs/FPE and will review all future transactions with Hai-O Enterprise Berhad to ensure that all sales to Hai-O Enterprise Berhad will be undertaken on arm's length basis. In addition, we will seek approval from shareholders for related party transactions as required under the Listing Requirements.

Based on our Audit and Risk Management Committee's review, all transactions entered into with Hai-O Enterprise Berhad for the past FYEs/FPE were conducted on arm's length basis.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nomination Committee shall inform our Audit and Risk Management Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nomination Committee will:

- (aa) Immediately inform our Board of the conflict of interest situation after deliberating with the Audit and Risk Management Committee;

10. CONFLICT OF INTERESTS (Cont'd)

- (bb) Make recommendations to our Board to direct the conflicted Director to:
- (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (bb) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

10.2 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (ii) Messrs Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (iii) Messrs Grant Thornton Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (iv) Smith Zander International Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

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