NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF FARM FRESH BERHAD *(FORMERLY KNOWN AS THE HOLSTEIN MILK COMPANY SDN BHD)* ("FARM FRESH" OR "COMPANY") DATED 28 FEBRUARY 2022 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic 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 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 or the Issuing House, Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the application forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Selling Shareholders, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves, and to observe such restrictions.

This document is not an offer for sale of the IPO Shares in the United States or anywhere other than Malaysia. The IPO Shares may not be offered or sold in or into the United States unless under an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act of 1933, as amended, and any applicable state securities laws. The Company does not intend to register any portion of the offering in the United States or to conduct a public offering of its securities in the United States or in any other jurisdiction where such an offering is restricted or prohibited.

Close of Application

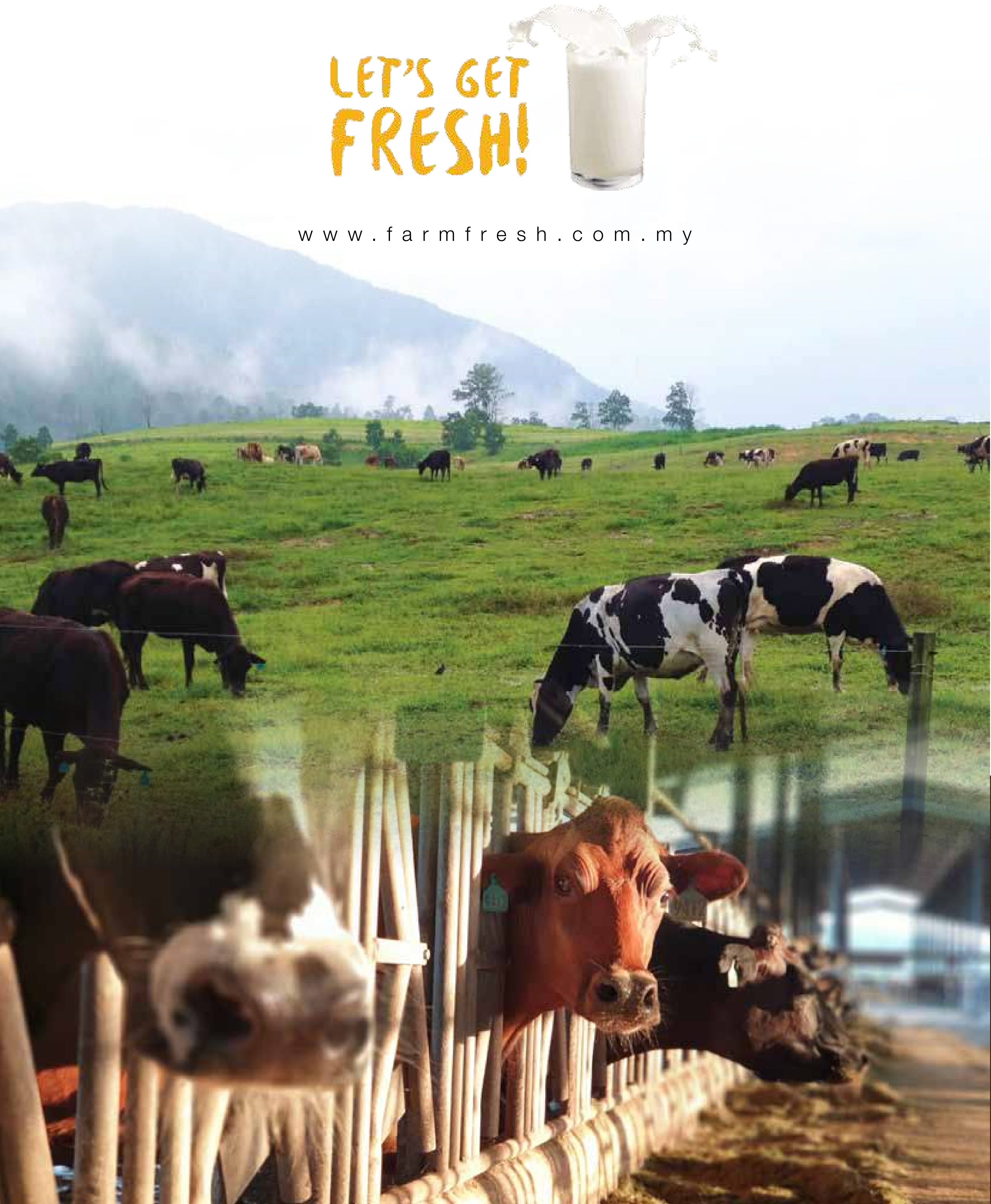
Applications for the IPO Shares offered under the Retail Offering will open at 10.00 a.m. on 28 February 2022 and will close at 5.00 p.m. on 8 March 2022. Any change to the timetable will be advertised by Farm Fresh in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

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, being the stock exchange the Company is seeking listing on. 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 on the Website.

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



www.farmfresh.com.my

FARM FRESH BERHAD

PROSPECTUS

THIS PROSPECTUS IS DATED 28 FEBRUARY 2022

P R O S P E C T U S

THIS PROSPECTUS IS DATED 28 FEBRUARY 2022

FARM FRESH BERHAD

(Co. Reg. No.: 201001010221 (894851-U))
(formerly known as The Holstein Milk Company Sdn Bhd)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("**IPO**") OF UP TO 743,181,900 ORDINARY SHARES ("**IPO SHARES**") IN FARM FRESH BERHAD ("**FARM FRESH**") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF FARM FRESH ("**SHARES**") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 520,227,200 EXISTING SHARES ("**OFFER SHARES**") AND A PUBLIC ISSUE OF 222,954,700 NEW SHARES ("**ISSUE SHARES**") INVOLVING: :

(I) INSTITUTIONAL OFFERING OF UP TO 687,443,200 IPO SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("**INSTITUTIONAL PRICE**"); AND

(II) RETAIL OFFERING OF 55,738,700 ISSUE SHARES TO THE DIRECTORS OF FARM FRESH AND ITS SUBSIDIARIES ("**GROUP**"), ELIGIBLE EMPLOYEES OF THE GROUP, PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.35 PER ISSUE SHARE ("**RETAIL PRICE**"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND THE OVER-ALLOTMENT OPTION (AS DEFINED IN THIS PROSPECTUS), THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

(A) THE RETAIL PRICE OF RM1.35 PER ISSUE SHARE; OR

(B) THE INSTITUTIONAL PRICE.

Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner,
Joint Managing Underwriter and Joint Underwriter

CIMB Investment Bank Berhad
(Co. Reg. No.: 197401001266 (18417-M))

Joint Global Coordinator, Joint Bookrunner,
Joint Managing Underwriter and Joint Underwriter

Maybank Investment Bank Berhad
(Co. Reg. No.: 197301002412 (15938-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Global Coordinator and
Joint Bookrunner

Credit Suisse Securities (Malaysia) Sdn Bhd
(Co. Reg No.: 199901024709 (499609-H))

Credit Suisse (Singapore) Limited
(Co. Reg. No.: 197702363D)

Joint Underwriters *(in alphabetical order)*

Affin Hwang Investment Bank Berhad
(Co. Reg. No.: 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

AmInvestment Bank Berhad
(Co. Reg. No.: 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Hong Leong Investment Bank Berhad
(Co. Reg. No.: 197001000928 (10209-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

RHB Investment Bank Berhad
(Co. Reg. No.: 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

THE SECURITIES COMMISSION MALAYSIA ("**SC**") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR OUR IPO UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO 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 OUR SHARES BEING OFFERED FOR INVESTMENT.

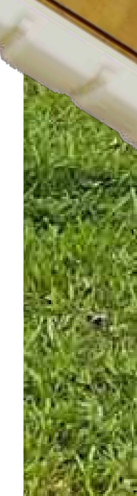
THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF FARM FRESH AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE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

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

FOR INFORMATION CONCERNING THE RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" SET OUT IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT: **MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD**

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA



All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", and "Definitions" commencing on pages viii and xii of this Prospectus, respectively.

RESPONSIBILITY STATEMENTS

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

CIMB, being the Sole Principal Adviser, the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering, and the Joint Managing Underwriter and Joint Underwriter for the Retail Offering, 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.

It is to be noted that the role of Credit Suisse in our IPO is limited to being the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering both within Malaysia and outside of Malaysia. Credit Suisse does not have any role in, and disclaims any responsibility for, the Retail Offering in Malaysia.

It is to be noted that the role of Maybank IB in our IPO is limited to being the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering both within Malaysia and outside of Malaysia, and the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering.

It is to be noted that the role of AffinHwang IB, AmIB, HLIB and RHB IB is limited to being the Joint Underwriters for the Retail Offering.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Forms, have also been lodged with the Registrar of Companies, who takes no responsibility for their contents.

OTHER STATEMENTS

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the 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 Company.

Our Shares are offered to the public on the premise of 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.

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

Investors should not take the agreement by the Joint Managing Underwriters and Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not 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 of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares are being offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, our Promoters, the Selling Shareholders, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, our Promoters, the Selling Shareholders, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters or any of their respective directors, or any other persons involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. Our Company, our Promoters, the Selling Shareholders, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. No action has been taken to permit any offering of our Shares based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

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 be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it.

It will be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

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.

It will 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 we nor our Promoters, the Selling Shareholders, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters nor any other advisers in relation to our IPO will 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.

Our Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold or delivered within the United States (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, our Shares are being offered and sold only outside the United States in offshore transactions in reliance upon Regulation S under the U.S. Securities Act.

Our Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State Securities Commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of our IPO or confirmed the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the U.S..

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

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.

The internet is not a fully secure medium. Your Internet Share Application may be subject to risks of data transmission, computer security threats including viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

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

(i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, file or other material provided by such parties; and

(iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We 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, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

(i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and

(iii) the Internet Participating Financial Institution is not 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 the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault 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 Institution, 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.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	**Time and/or Date**
Opening of the Institutional Offering[1]	28 February 2022
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 28 February 2022
Closing of the Retail Offering	5:00 p.m., 8 March 2022
Closing of the Institutional Offering	10 March 2022
Price Determination Date	10 March 2022
Balloting of applications for our Issue Shares under the Retail Offering	11 March 2022
Allotment/Transfer of our IPO Shares to successful applicants	18 March 2022
Listing	22 March 2022

Note:

(1) Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition/subscription of our IPO Shares by the Cornerstone Investors was entered into on 23 February 2022.

If there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" or "Farm Fresh" are to Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn Bhd). All references to "Farm Fresh Group" or "our Group" are to our Company and our subsidiaries taken as a whole. All references to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, our Group. All references to "you" are to our prospective investors.

All references to the "Selling Shareholders" are to Rainforest Capital Sdn Bhd, Farmchoice Foods Sdn Bhd and Agrifood Resources Holdings Sdn Bhd. All references to "our Promoters" are to Loi Tuan Ee, Rainforest Capital Sdn Bhd and Farmchoice Foods Sdn Bhd.

Any discrepancies in the tables between the amounts listed and the total amount in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the "Definitions" section and technical terms used in this Prospectus are defined in the "Glossary of Technical Terms" section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons will, where applicable, include companies and corporations.

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

Any reference to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the "LPD" in this Prospectus are to 31 January 2022, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. 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 stated, it can be assumed that the information originates from us or is extracted from the IMR Report included in Section 8 of this Prospectus. We have appointed Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**") to provide an independent market and industry review. In compiling its data for the review, Frost & Sullivan relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the MFRS or IFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the MFRS and IFRS and should not be considered as an alternative to net income and any other performance measures derived in accordance with the MFRS or IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of a similarly titled measure between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (including the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-MFRS and non-IFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the MFRS and IFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results 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 current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies including the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) demand and supply for our products and general industry environment;

(ii) our business strategies and competitive position;

(iii) our future financial position, earnings, cash flows and liquidity;

(iv) our ability to enter and operate in certain foreign markets;

(v) potential growth opportunities; and

(vi) regulatory environment and the effects of future regulation.

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:

(i) activities and financial position of our customers, suppliers and other business partners;

(ii) delay in the supply of raw materials and shortages in labour;

(iii) finance costs, interest rates, tax rates and foreign exchange rates;

(iv) future regulatory or government policy changes affecting us or countries where we sell our products to or from which we purchase our raw materials;

(v) delays or problems with the execution of our expansion plans;

(vi) outbreak of any major diseases in our dairy farms and pandemics of infectious diseases;

(vii) competitive environment of the industry in which we operate;

(viii) reliance on licences, permits and approvals;

(ix) general economic, business, social, political and investment environment in countries where we operate or sell our products to or purchase our raw materials;

(x) continued availability of capital and financing;

(xi) fixed or contingent obligations and commitments;

(xii) changes in accounting standards and policies; and

(xiii) other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". 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 LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved. Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

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DEFINITIONS

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

Accountant's Report	:	The Accountants Report dated 11 February 2022 issued by the Reporting Accountants
Act	:	Companies Act, 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AffinHwang IB	:	Affin Hwang Investment Bank Berhad
AGM	:	Annual general meeting
Agricultural Tax Incentive	:	100% income tax exemption on statutory income arising from the rearing of cattle and goat, and milk processing activities
Agrifood Resources	:	Agrifood Resources Holdings Sdn Bhd
AmIB	:	AmInvestment Bank Berhad
AMWU	:	Australian Manufacturing Workers Union
Application	:	Application of our Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Forms	:	Application form for the application of our Issue Shares under the Retail Offering accompanying this Prospectus
Approval for Expansion Notification Requirement	:	Approval sought to include Larkin Facility to be included in the scope of the Agricultural Tax Incentive
ATM	:	Automated teller machine
Auditors or Reporting Accountants	:	KPMG PLT
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
AYC F&B	:	AYC F&B Sdn Bhd
Bahagia Distributors	:	Bahagia Distributors Sdn Bhd
BDSB	:	Bio Desaru Sdn Bhd
BNM	:	Bank Negara Malaysia
Board or Board of Directors	:	Board of Directors of our Company
Bonus Issue	:	A bonus issue of 1,550,000,138 new Shares to our existing shareholders pursuant to the pre-IPO exercise undertaken by our Company as set out in Section 4.2.1 of this Prospectus

Building Plan Approval	:	Building plan approval required to be obtained before commencing development or construction work
Bumiputera	:	In the context of: (i) individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia: (ii) companies, a company which fulfils, amongst others, the following criteria or such other criteria as may be imposed by the MITI: (a) registered under the Act or Companies Act 1965 as a private company; (b) its shareholders are 100% Bumiputera; and (c) its board of directors (including its staff) are at least 51% Bumiputera; and (iii) cooperatives, a cooperative whose shareholders or cooperative members are at least 95% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	By-laws governing the ESOS
CAGR	:	Compound annual growth rate, computed through the formula: CAGR = (Ending amount / Beginning amount)$^{1/N}$ – 1 Ending amount is the amount at the end of the period; Beginning amount is the amount at the beginning of the period; and N is the number of years within the period
Cahaya Bintang	:	Cahaya Bintang Ltd
CCC or CF	:	Certificate of completion and compliance or certificate of fitness, or such certificate by any other name issued by the relevant authority under the Street Drainage and Building Act 1974 and any by-laws made under it or such relevant legislation applicable at the material time
CCM	:	Companies Commission of Malaysia
CCN	:	Cold Chain Network (M) Sdn Bhd
CCTV	:	Closed-circuit television
CDS	:	Central Depository System
Central Bank or Central Banks	:	A country's institution that oversees monetary and currency policy in the country
CGU	:	Cash Generating Unit
CIMB	:	CIMB Investment Bank Berhad
CIP	:	Clean-in-place

CMCO	:	Conditional movement control order issued under the Prevention and Control of Infectious Disease Act, 1988 and Police Act, 1967 which was in effect for the whole of Malaysia from 4 May 2020 to 9 June 2020 including the CMCO that was imposed on certain areas of Malaysia from time to time during the outbreak of COVID-19 pandemic, including the CMCO which was imposed on Federal Territory of Kuala Lumpur and Putrajaya and the state of Selangor from 9 November 2020 to 17 May 2021
CMSA	:	Capital Markets and Services Act, 2007
COGS	:	Cost of goods sold
Constitution	:	Constitution of our Company
Cornerstone Investors	:	Collectively, abrdn Asia Limited, abrdn Malaysia Sdn. Bhd. (formerly known as Aberdeen Standard Investments (Malaysia) Sdn. Bhd.), abrdn Islamic Malaysia Sdn. Bhd. (formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd.), Affin Hwang Asset Management Berhad, AIA Bhd., Alcea Rosea Sdn. Bhd., Barings Singapore Pte. Ltd., Eastspring Investments Berhad, Employees Provident Fund Board, Fortress Capital Asset Management (M) Sdn Bhd, Franklin Templeton Asset Management (Malaysia) Sdn. Bhd., Franklin Templeton GSC Asset Management Sdn. Bhd., Great Eastern Life Assurance (Malaysia) Berhad, Hong Leong Assurance Berhad, Hong Leong Asset Management Berhad, JPMorgan Asset Management (Singapore) Limited, KAF Investment Funds Berhad, Kenanga Investors Berhad, Kenanga Islamic Investors Berhad, Kumpulan Wang Persaraan (Diperbadankan), Lembaga Tabung Haji, Manulife Investment Management (M) Berhad, Maybank Asset Management Sdn Bhd, Maybank Islamic Asset Management Sdn Bhd, Merit Glory Pte. Ltd., New Silk Road Investment Pte. Ltd., OAKS Emerging Umbrella Fund Plc OAKS Emerging and Frontier Opportunities Fund, OAKS Emerging Umbrella Plc Smaller Emerging Markets Opportunities Fund, Permodalan Nasional Berhad, Principal Asset Management Berhad, Principal Islamic Asset Management Sdn Bhd, Social Security Organisation, UBS Asset Management (Singapore) Ltd., UOB Asset Management (Malaysia) Berhad, UOB Islamic Asset Management Sdn Bhd, Urusharta Jamaah Sdn Bhd, Value Partners Hong Kong Limited and Zurich Life Insurance Malaysia Berhad
COVID-19	:	Coronavirus disease (COVID-19), an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Credit Suisse	:	Collectively, Credit Suisse Securities (Malaysia) Sdn Bhd and Credit Suisse (Singapore) Limited
Director(s)	:	Director(s) of our Company
DVS	:	Department of Veterinary Services
EBITDA	:	Earnings before interest, taxes, depreciation and amortisation
ECER Incentive	:	East Coast Economic Region Incentive
ECL	:	Expected credit losses
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to compact disc read only memory (CD-ROM)

Electronic Share Application	:	Application for our Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, our Directors, employees of our Group (including directors of our subsidiaries) and persons who have contributed to the success of our Group, who are eligible to participate in the Retail Offering
EPF	:	Employees' Provident Fund Board
EPS	:	Earnings per Share
Equity Guidelines	:	Equity Guidelines issued by the SC
ERP	:	Enterprise Resource Planning
ESG	:	Environmental, social and governance
ESOS	:	Employees' share option scheme of our Company
ESOS Options	:	Right of a Grantee to subscribe for new Shares under the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the offer and the By-Laws
Expansion Notification Requirement	:	Notification required to be provided to MOA if FFMSB intends to make any additional investment including expanding the area to carry out goat or cow farming and milk processing activities, in relation to tax incentives granted by MOA
F&B	:	Food and beverage
Farm Fresh or Company	:	Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn Bhd)
Farmchoice Foods	:	Farmchoice Foods Sdn Bhd
Final Retail Price	:	Final price per Issue Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
First Tranche of the ESOS	:	37,159,000 ESOS Options to be granted under the ESOS in conjunction with our Listing
FIRB	:	Australian Foreign Investment Review Board
Frost & Sullivan or IMR	:	Frost & Sullivan GIC Malaysia Sdn Bhd, the independent market researcher
FPE	:	Financial period ended or where the context otherwise requires, financial period ending
FYE	:	Financial year ended or where the context otherwise requires, financial year ending
Government	:	Government of Malaysia
GP	:	Gross profit
Grantee(s)	:	Eligible Director(s) or eligible employee(s) of our Group who has(ve) accepted the offer in accordance with the terms and conditions of the offer and the By-Laws

Group	:	Collectively, our Company and our subsidiaries
GST	:	Goods and services tax
ha	:	Hectares
HLIB	:	Hong Leong Investment Bank Berhad
IC	:	IFRS Interpretations Committee
IFRS	:	International Financial Reporting Standards as issued by the International Accounting Standards Board
IMR Report	:	Independent market research report dated 15 February 2022 prepared by Frost & Sullivan
Initial Public Offering or IPO	:	Collectively, the Offer for Sale and our Public Issue
Institutional Offering	:	Offering of up to 687,443,200 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to the following: (i) Malaysian institutional and selected investors, including Bumiputera investors approved by the MITI; and (ii) foreign institutional and selected investors outside the United States in reliance on Regulation S
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application
Internet Share Application	:	Application for our Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
IRB	:	Inland Revenue Board of Malaysia
Issue Shares	:	New Shares to be issued by our Company under our Public Issue
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd
JobKeeper Payment	:	A scheme introduced by the Australian government to support businesses affected by COVID-19
Joint Bookrunners	:	Collectively, CIMB, Credit Suisse and Maybank IB
Joint Global Coordinators	:	Collectively, CIMB, Credit Suisse and Maybank IB
Joint Managing Underwriters	:	Collectively, CIMB and Maybank IB
Joint Underwriters	:	Collectively, AffinHwang IB, AmIB, CIMB, HLIB and Maybank IB

JWRB	:	Johor Water Regulatory Body
Khazanah	:	Khazanah Nasional Berhad
kW	:	Kilowatt
KPMG	:	KPMG PLT
Larkin Facility Tax Incentive	:	100% income tax exemption on the statutory income arising from qualifying projects conducted in the Larkin Facility pursuant to Section 127(3A) of the Income Tax Act 1967
Listing	:	Listing of and quotation for the entire enlarged Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 January 2022, being the latest practicable date prior to the registration of this Prospectus with the SC
MAFI	:	Ministry of Agriculture and Food Industries of Malaysia
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
MARDI	:	Malaysian Agricultural Research and Development Institute
Market Day	:	A day on which Bursa Securities is open for trading in securities
MASB	:	Malaysian Accounting Standards Board
Master Cornerstone Placement Agreement	:	The master cornerstone placement agreement dated 23 February 2022 entered into between our Company, Selling Shareholders, the Joint Global Coordinators and the Cornerstone Investors as detailed in Section 4.2.2 of this Prospectus
Mawai Capital	:	Mawai Capital Sdn Bhd
Maybank IB	:	Maybank Investment Bank Berhad
MCCG	:	Malaysian Code on Corporate Governance as at 28 April 2021
MCO	:	Movement control order issued under the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 with effect from 18 March to 3 May 2020, reimposed in all of the federal territories, certain states and districts commencing from 13 January 2021 until 18 February 2021, and was subsequently reimposed for the whole of Malaysia commencing from 12 May 2021 until 7 June 2021
MFRS	:	Malaysian Financial Reporting Standards
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry of Malaysia
MOA	:	Ministry of Agriculture and Agro-based Industry of Malaysia
MOH	:	Ministry of Health Malaysia

Moratorium Providers	:	Collectively, (i) Loi Tuan Ee, Loi Tuan Kin, Rainforest Capital and Farmchoice Foods being shareholders of our Company whose securities are subject to moratorium under the Equity Guidelines and (ii) Cahaya Bintang in respect of 23,633,900 Shares representing about 1.272% equity interest in our Company after Listing
N/A	:	Not applicable
NA	:	Net assets
NRIC	:	Malaysian National Registration Identity Card
NRP	:	National Recovery Plan, a four-phase national recovery plan where a different degree of travel restrictions and restriction in the operation of various economic sectors are implemented
Offer for Sale	:	Offer for sale of up to 520,227,200 Offer Shares by the Selling Shareholders under the Institutional Offering
Offer Shares	:	Existing Shares to be offered by the Selling Shareholders under the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
Orang Asli	:	Indigenous population of Peninsular Malaysia
Over-allotment Option	:	The over-allotment option to be granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers)
Over-allotment Option Providers	:	Collectively, Rainforest Capital, Farmchoice Foods and Agrifood Resources
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PEG	:	Proceeds from export of goods
PER	:	Price-to-earnings ratio
Petabern Dairies	:	The business and operations carried out by Petabern Dairies Pty Ltd
Pink Application Form	:	Application form for the application of our Issue Shares under the Retail Offering by the Eligible Persons accompanying this Prospectus
Pink Form Allocations	:	The allocation of 18,579,600 Issue Shares to Eligible Persons under the Retail Offering
Placement Agreement	:	The placement agreement to be entered into by our Company, the Selling Shareholders, the Joint Global Coordinators and the Joint Bookrunners in respect of such number of IPO Shares to be offered under the Institutional Offering
Placement Managers	:	Collectively, CIMB, Credit Suisse and Maybank IB

DEFINITIONS *(Cont'd)*

Planning Permission	:	Planning permission required to be obtained prior to carrying out any development or construction work
PPE	:	Personal protection equipment
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Promoters	:	Collectively, Loi Tuan Ee, Rainforest Capital and Farmchoice Foods
Prospectus	:	This Prospectus dated 28 February 2022 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Provenance Creamery	:	Provenance Creamery Pte Ltd (formerly known as Farm Fresh Milk Pte Ltd)
Public	:	All persons or members of the public excluding our Group's Directors, our Substantial Shareholders and persons associated with them (as defined in the Listing Requirements)
Public Issue	:	Public issue of 222,954,700 Issue Shares by our Company
PWRB	:	Pahang Water Regulatory Body
Rainforest Capital	:	Rainforest Capital Sdn Bhd
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Regulation S	:	Regulation S under the U.S. Securities Act
Retail Offering	:	Offering of 55,738,700 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated in the following manner: (i) 18,579,600 Issue Shares reserved for application by the Eligible Persons; and (ii) 37,159,100 Issue Shares for application by the Malaysian Public, via balloting
Retail Price	:	Initial price of RM 1.35 per Issue Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.4.1 of this Prospectus
Retail Underwriting Agreement	:	The retail underwriting agreement dated 15 February 2022 entered into between our Company, the Joint Managing Underwriters and the Joint Underwriters for the underwriting of our Issue Shares under the Retail Offering
RFID	:	Radio-frequency identification
RHB IB	:	RHB Investment Bank Berhad
RMCO	:	Recovery movement control order issued under the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 which was in effect from 10 June 2020 until 31 December 2020

Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Selling Shareholders	:	Collectively, Rainforest Capital, Farmchoice Foods and Agrifood Resources
Share Lending Agreement	:	The agreement to be entered into by the Over-allotment Option Providers and the Stabilising Manager under which the Over-allotment Option Providers will lend our Shares to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
Shares	:	Ordinary shares in the share capital of our Company
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Singapore Distributor	:	A Singapore company that imports and distributes beverages across major leading supermarkets and convenience stores in Singapore
Sole Principal Adviser	:	CIMB
SOPs	:	Standard operating procedure(s)
sq ft	:	Square feet
sq m	:	Square metres
Stabilising Manager	:	Maybank IB
Substantial Shareholder(s)	:	Loi Tuan Ee, Loi Foon Kion, Rainforest Capital, Farmchoice Foods, Agrifood Resources, and Khazanah, being persons who respectively have an interest in our Shares, the nominal amount of which is not less than 5.0% of the aggregate nominal amount of all the voting shares of our Company
Sukuk	:	Sukuk Wakalah Programme
Tetra Pak (M)	:	Tetra Pak (Malaysia) Sdn Bhd
U.S. or United States	:	United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. Securities Act	:	United States Securities Act of 1933, as amended
UPM	:	Universiti Putra Malaysia
White Application Form	:	Application form for the application of our Issue Shares under the Retail Offering by the Malaysian Public accompanying this Prospectus

Subsidiaries

AFS Dairy Company	:	AFS Dairy Company Australia Pty Ltd
FFMSB	:	Farm Fresh Milk Sdn Bhd
FFM HK	:	Farm Fresh Milk (HK) Limited
Gem Organics	:	Gem Organics (M) Sdn Bhd
Goulburn Valley Creamery	:	Goulburn Valley Creamery Pty Ltd
Henry Jones Foods	:	Henry Jones Foods Pty Ltd
Holstein Dairy (Desaru)	:	Holstein Dairy (Desaru) Sdn Bhd
Holstein Selama Dairy	:	Holstein Selama Dairy Sdn Bhd
Serdang Dairy	:	Serdang Dairy Sdn Bhd
THMC (Australia)	:	The Holstein Milk Company (Australia) Pty Ltd
THMC (M)	:	The Holstein Milk Company (M) Sdn Bhd

Currencies

AUD	:	Australian Dollar
EUR	:	Euro
HKD	:	Hong Kong Dollar
IDR	:	Indonesian Rupiah
NZD	:	New Zealand Dollar
PHP	:	Philippines Peso
RM and sen	:	Ringgit Malaysia and sen
SGD	:	Singapore Dollar

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GLOSSARY OF TECHNICAL TERMS

AFS	:	Australian friesian sahiwal dairy breed
FAO Report	:	Report issued by Food and Agriculture Organisation of the United Nations and Global Dairy Platform Inc. in 2019
FIFO	:	First-in-first-out
FMCG	:	Fast-moving consumer goods
Food Regulations	:	Food Regulations 1985
FSC	:	Forest Stewardship Council
GHG	:	Greenhouse gas
GMP	:	Good Manufacturing Practice; in Malaysia, GMP is the requirement standards for food hygiene and safety defined by the Ministry of Health
Goals	:	United Nation Sustainable Development Goals
HACCP	:	Hazard Analysis Critical Control Points
HFAC	:	Humane Farm Animal Care
HORECA	:	Hotel, restaurant and café
ICoE	:	Industry Centre of Excellence
IVF	:	In vitro fertilisation
MWp	:	Megawatts-peak
NDID	:	National Dairy Industry Development
NPL Committee	:	New Product Launch Committee
Progress Reports	:	Project implementation report that FFMSB is required to submit to DVS every six months for monitoring purposes, in relation to tax incentives granted by MOA
PV	:	Photovoltaic
QR	:	Quick response
R&D	:	Research and development
RTD	:	Ready to drink
SKU(s)	:	Stock keeping units
Super Cow	:	Dairy cows which display high performing tendencies across aspects such as milk yields, fertility levels, longevity and adaptability to harsh topical environments
TMR Wagon	:	A diet-feeder machine used to mix all the different feed and distribute the total mixed ration feed to the cows
TPC	:	Total plate count
UHT	:	Ultra-high temperature processing

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Nationality	Address
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	Independent Non-Executive Chairman	Malaysian	No. 2, Jalan 12/7, 46200 Petaling Jaya, Selangor
Loi Tuan Ee	Non-Independent Executive Director, Group Managing Director and Group Chief Executive Officer	Malaysian	No. 7, Jalan Tembaga, Taman Kolam Air, 80100 Johor Bahru, Johor
Loi Foon Kion	Non-Independent Non-Executive Director	Malaysian	No. 2, Jalan Chelagi, Bukit Damansara, 50490 Kuala Lumpur
Tan Mei Shwen Serena	Non-Independent Non-Executive Director	Malaysian	No. 40, Lenkongan Jenjarom, Taman Seputeh, 58000 Kuala Lumpur
Sukanta Kumar Dutt	Independent Non-Executive Director	Malaysian	No. 28, Jalan SS2/44, 47300 Petaling Jaya, Selangor
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Independent Non-Executive Director	Malaysian	No. 12A, Jalan Putra Mahkota 7/3H, Putra Heights, 47650 Subang Jaya, Selangor
Jocelyn Ng Lai Leng	Independent Non-Executive Director	Malaysian	No. 5, Persiaran Ukay, Villa Sri Ukay, 68000 Ampang, Selangor

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Sukanta Kumar Dutt	Chairman	Independent Non-Executive Director
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Member	Independent Non-Executive Director
Jocelyn Ng Lai Leng	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Sukanta Kumar Dutt	Chairman	Independent Non-Executive Director
Loi Foon Kion	Member	Non-Independent Non-Executive Director
Tan Mei Shwen Serena	Member	Non-Independent Non-Executive Director
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Member	Independent Non-Executive Director
Jocelyn Ng Lai Leng	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	**Yong May Li** No. 25, Jalan Setia 5/2 Taman Setia Indah 81100 Johor Bahru Johor	Professional qualification: Licensed Secretary (LS) (Licence No.: LS 0000295) (SSM PC No.: 202008000285)
		Wong Chee Yin No. 21, Jalan Sentral 23/8 Taman Nusa Sentral 79100 Iskandar Puteri Johor	Malaysian Institute of Chartered Secretaries and Administrators (MAICSA No.: MAICSA 7023530) (SSM PC No.: 202008001953)
REGISTERED OFFICE	:	Suite 1301, 13th Floor City Plaza, Jalan Tebrau 80300 Johor Bahru, Johor Tel. No.: +607-332 2088	
HEAD/MANAGEMENT OFFICE	:	No. 11-1, Jalan Petaling Kawasan Perindustrian Larkin 80350 Johor Bahru, Johor Tel. No.: +607-232 3463 Website: www.farmfresh.com.my E-mail: custsvc@farmfreshmilk.com.my	
SELLING SHAREHOLDERS	:	**Rainforest Capital Sdn Bhd** No. 2-01, Jalan Bestari 6/2 Taman Nusa Bestari 79150 Iskandar Puteri, Johor **Farmchoice Foods Sdn Bhd** No. 2-01, Jalan Bestari 6/2 Taman Nusa Bestari 79150 Iskandar Puteri, Johor **Agrifood Resources Holdings Sdn Bhd** Level 22, Mercu UEM Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur	
AUDITORS AND REPORTING ACCOUNTANTS	:	**KPMG PLT** Level 3, CIMB Leadership Academy No. 3, Jalan Medini Utara 1 Medini Iskandar 79200 Iskandar Puteri, Johor Tel. No.: +607 266 2213 Partner-in-charge: Tan Teck Eng Professional qualification: Member of MIA and CPA Australia (MIA membership No.: 23391)	
SOLE PRINCIPAL ADVISER	:	**CIMB Investment Bank Berhad** 17th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	

1. CORPORATE DIRECTORY *(Cont'd)*

JOINT MANAGING UNDERWRITERS *(in alphabetical order)*	:	**CIMB Investment Bank Berhad** 17th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	**Maybank Investment Bank Berhad** 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: +603 2059 1888
JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS *(in alphabetical order)*	:	**CIMB Investment Bank Berhad** 17th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	**Credit Suisse Securities (Malaysia) Sdn Bhd** Suite 7,6, Level 7, Menara IMC 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2723 2020
		Credit Suisse (Singapore) Limited 1 Raffles Link #03/#04-01, One Raffles Link Singapore 039393 Tel. No.: +65 6212 2000	**Maybank Investment Bank Berhad** 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: +603 2059 1888
JOINT UNDERWRITERS *(in alphabetical order)*	:	**Affin Hwang Investment Bank Berhad** 27th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: +603 2142 3700	**AmInvestment Bank Berhad** Level 22, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2036 2633
		CIMB Investment Bank Berhad 17th Floor, Menara CIMB No. 1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	**Hong Leong Investment Bank Berhad** Level 28, Menara Hong Leong No. 6 Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel. No.: +603 2083 1800
		Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No.: +603 2059 1888	**RHB Investment Bank Berhad** Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888
LEGAL ADVISERS	:	*To our Company as to Malaysian law* **Adnan Sundra & Low** Level 25, Menara Etiqa No. 3, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel. No.: +603 2279 3288	*To our Company as to United States federal securities law and English law* **Clifford Chance Pte. Ltd.** 12 Marina Boulevard Marina Bay Financial Centre Tower 3, 25th Floor Singapore 018982 Tel. No.: +65 6410 2200

1. CORPORATE DIRECTORY *(Cont'd)*

LEGAL ADVISERS *(Cont'd)*	:	*To the foreign entity within our Group as to Australian law* **Pricewaterhouse Coopers (Legal)** 2 Riverside Quay Southbank VIC 3006 Australia Tel No.: +61 38603 2158 / +61 418870932 *To the Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters and Joint Underwriters as to Malaysian law* **Kadir, Andri & Partners** Suite A-38-8, Level 38 Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel. No.: +603 2780 2888 *To the Joint Global Coordinators, Joint Bookrunners, Joint Managing Underwriters and Joint Underwriters as to United States federal securities law and English law* **Allen & Overy LLP** 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321 Tel. No.: +65 6671 6000
INDEPENDENT MARKET RESEARCHER	:	**Frost & Sullivan GIC Malaysia Sdn Bhd** Level 16 & 17 Nucleus Tower No. 10, Jalan PJU 7/6 Mutiara Damansara 47800 Petaling Jaya Selangor Tel. No.: +603 2023 2000 Name of signing partner: June Liang Pui San *(See Section 8 of this Prospectus for the profile of the firm and signing partner)*
SHARE REGISTRAR AND ISSUING HOUSE	:	**Tricor Investor & Issuing House Services Sdn Bhd** Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No.8, Jalan Kerinchi 59200 Kuala Lumpur Tel. No.: +603 2783 9299
SHARIAH ADVISER	:	**CIMB Islamic Bank Berhad** 17th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

The SC has, via its letter dated 8 December 2021, approved our IPO and our Listing under Section 214(1) of the CMSA, subject to compliance with the following condition:

No.	Details of condition imposed	Status of compliance
(i)	CIMB and Farm Fresh to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing	To be complied

The SC has also via the same letter approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The effects of our Listing on the equity structure of our Company are as follows:

	As at 31 August 2021		After our Listing	
Category of shareholders	**No. of Shares**	**% of issued Shares**	**No. of Shares**	**% of enlarged issued Shares**
Bumiputera				
- Bumiputera investors to be approved by the MITI	-	-	(1)232,244,400	12.5
- Bumiputera public investors via balloting	-	-	(1)18,579,550	1.0
Total Bumiputera	**-**	**-**	**250,823,950**	**13.5**
Non-Bumiputera	84,999,999	100.0	(2)1,583,496,987	85.2
Total Malaysian	**84,999,999**	**100.0**	**1,834,320,937**	**98.7**
Foreigners	-	-	(2)23,633,900	1.3
Total	**84,999,999**	**100.0**	**1,857,954,837**	**100.0**

Notes:

(1) Assuming all our Shares allocated to Bumiputera investors to be approved by the MITI under the Institutional Offering and Bumiputera public investors under the Retail Offering via balloting are fully subscribed.

(2) Assuming all our Shares are allocated to Malaysian and non-Bumiputera investors only as the actual subscribers cannot be determined at this juncture.

The SC has, via its letters dated 8 December 2021 and 15 February 2022, approved the reliefs sought by us from having to comply with certain requirements under the Equity Guidelines and the Prospectus Guidelines. The details of the reliefs sought are as follows:

Reference	Details of relief granted	Conditions imposed (if any)
Equity Guidelines		
Paragraphs 5.29(a) and 5.30, Part II	Relief from the moratorium requirement in respect of the following securities: (i) such number of Shares held by Farmchoice Foods, representing 1.272% of our enlarged share capital, to be distributed to Cahaya Bintang; and (ii) all securities held by Cahaya Bintang in Rainforest Capital and Farmchoice Foods, to be transferred to Loi Tuan Ee.	-

2. INTRODUCTION *(Cont'd)*

Reference	Details of relief granted	Conditions imposed (if any)
Paragraph 2 of Appendix 4, Part IV	Relief from complying with the requirement in respect of placement of initial public offering shares to be offered under the Institutional Offering to the following persons connected to the placement agents: (i) Maybank Asset Management Sdn Bhd; (ii) Maybank Islamic Asset Management Sdn Bhd; (iii) Principal Asset Management Bhd; and (iv) Principal Islamic Asset Management Sdn Bhd.	-
Paragraph 4(a), Appendix 4, Part IV	Relief from complying with the requirement in respect of placement of initial public offering shares to be offered under the Institutional Offering to the following persons connected to Khazanah, an existing shareholder of Farm Fresh: (i) Principal Asset Management Bhd; and (ii) Principal Islamic Asset Management Sdn Bhd.	-
Prospectus Guidelines		
Paragraph 4.01(d), Division 1, Part II	Relief from having to disclose the ultimate beneficial owner of Agrifood Resources in the Prospectus. The disclosure shall only be up to Khazanah.	-
Paragraph 13.01(b)(i), Division 1, Part II	Relief to allow the following terms in the joint venture agreement dated 23 February 2015 entered into between our Company and Bio Desaru Sdn Bhd ("**BDSB**") (as supplemented by a supplementary agreement dated 17 May 2018), to be redacted: (i) commitment fee for the development of the Desaru Farm; (ii) rate of dividends to be paid; (iii) percentage of contract works to be awarded to BDSB's nominees; and (iv) details of the Australian Friesian Sahiwal Breeding Programme, including amongst others, details on recording system, semen station and bull testing programme, nucleus herd and breed improvement.	-

The MITI has, via its letter dated 12 November 2021, informed that it has taken note and has no objection for us to implement our Listing.

Bursa Securities has, via its letter dated 24 January 2022, approved our Admission, our Listing and the listing of and quotation for the new Shares to be issued upon exercise of our ESOS Options.

The SAC has, via its letter dated 17 November 2021, classified our Shares as Shariah-compliant securities based on our latest audited financial information for the FYE 31 March 2021 and the Pro Forma Consolidated Statements of Financial Position as at 31 March 2021.

As the timeline for our expansion in Australia and our regional expansion outside of Malaysia is expected to be within 18 months and 24 months, respectively from the date of our Listing, we will make the necessary application accordingly to BNM for the remittance of the proceeds from our Public Issue towards investment activities outside Malaysia as and when required. Please refer to Section 4.6 of this Prospectus for further details on use of proceeds and the scheduled remittance of the proceeds from our Public Issue to our non-resident subsidiaries.

2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, Loi Tuan Ee, Loi Tuan Kin, Rainforest Capital and Farmchoice Foods have accepted the moratorium placed on our Shares held directly by them as at the date of our Listing, and Cahaya Bintang has accepted the moratorium on our Shares held directly by them, arising from the declaration of a dividend-in-specie by Farmchoice Foods of our Shares after our Listing, for six months from the date of our Listing as set out below:

	After our IPO			
	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Name	**No. of Shares**	**%[(1)]**	**No. of Shares**	**%[(1)]**
Loi Tuan Ee	1	*	1	*
Loi Tuan Kin	1	*	1	*
Rainforest Capital	582,159,215	31.33	571,011,515	30.73
Farmchoice Foods	[(2)]267,445,720	14.39	[(2)]256,298,020	13.79
Cahaya Bintang	[(3)]23,633,900	1.27	[(3)]23,633,900	1.27

Notes:

* *Less than 0.01%.*

(1) *Based on our enlarged issued share capital of 1,857,954,837 Shares.*

(2) *Excluding 23,633,900 Shares, representing 1.27% equity interest in our Company, to be declared as a dividend-in-specie by Farmchoice Foods to Cahaya Bintang as described in Section 9.1.3 of this Prospectus.*

(3) *Following from the declaration of a dividend-in-specie by Farmchoice Foods of such number of Shares to Cahaya Bintang as described in Section 9.1.3 of this Prospectus.*

However, if the dividend-in-specie by Farmchoice Foods to Cahaya Bintang does not occur as described in Section 9.1.3 of this Prospectus, the remaining shareholdings of 310,369 ordinary shares held by Cahaya Bintang in Farmchoice Foods as at the date of our Listing will be placed under moratorium.

The following persons are not allowed to sell, transfer or assign all or any part of their entire shareholdings in respect of the following for a period of six months from the date of our Listing:

(i) the direct shareholders of Rainforest Capital, namely, Loi Tuan Ee, Loi Tuan Kin and Loi Foon Kion in respect of their shareholdings in Rainforest Capital;

(ii) the direct shareholders of Farmchoice Foods, namely, Loi Tuan Ee, Loi Tuan Kin, Azmi Bin Zainal, Adam Graeme Pretty and Mawai Capital in respect of their shareholdings in Farmchoice Foods; and

(iii) the direct shareholders of Mawai Capital, namely, Loi Tuan Ee, Loh Yong Huat, Chan Chung Hua, Saw Chee Wei, Lim Kee Teck, Koh Win Ton, Tee Leong Yong, Ng Chin Kuong and Loh Chun Chyuan, in respect of their shareholdings in Mawai Capital.

Loi Tuan Ee, Loi Tuan Kin, Jasmine Yeo Shin Yi, Loi Hean Kai, Loh Lee Mui and Foo Chen Yee are also not allowed to sell, transfer or assign any Shares that they may subscribe for following the exercise of the ESOS Options granted to them for a period of six months from the date of our Listing.

Cahaya Bintang Holdings Ltd, Diamond GP Holdings II Ltd, Dymon Asia Private Equity (S.E. Asia) II Ltd, DAPE Ltd, Dymon Asia Capital Ltd, Tan Keng Soon, Tan Chow Yin, Gerald Chiu Yoong Chian, Kan Shung Kei Kenneth, Kenneth William Tonkinson, Yuan Shuo (Shawn), Mark Mun Hoong Wong, Chan Lik Shuen, Luo Jiabin, Lim Kwang Hui, and Yong Ming Chong are also not allowed to sell, transfer or assign all or any part of their entire direct and/or indirect shareholdings (if any) in Cahaya Bintang for a period of six months from the date of our Listing.

The above restrictions do not apply:

(i) in respect of our Shares that may be sold pursuant to the Over-allotment Option to be granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers); and

(ii) to the transfer of our Shares by the Over-allotment Option Providers as contemplated under the Share Lending Agreement, provided that the restriction will apply to our Shares returned to the Over-allotment Option Providers pursuant to the Share Lending Agreement.

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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 whether to invest in our Shares.

3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO consists of the Institutional Offering and the Retail Offering, totalling up to 743,181,900 IPO Shares, representing up to about 40.0% of our enlarged issued share capital.

3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 687,443,200 IPO Shares, (comprising up to 520,227,200 Offer Shares and 167,216,000 Issue Shares) representing up to about 37.0% of our enlarged issued share capital, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, at the Institutional Price to the following persons:

(i) 167,216,000 Issue Shares and up to 65,028,400 Offer Shares, in aggregate, representing up to about 12.5% of our enlarged issued share capital to Bumiputera investors approved by the MITI; and

(ii) up to 455,198,800 Offer Shares, in aggregate, representing up to about 24.5% of our enlarged issued share capital to:

(a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

(b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

3.1.2 Retail Offering

The Retail Offering involves the offering of 55,738,700 Issue Shares, representing about 3.0% of our enlarged issued share capital, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Retail Price to be allocated in the following manner:

(i) Allocation to the Eligible Persons

18,579,600 Issue Shares, representing about 1.0% of our enlarged issued share capital, are reserved for application by the Eligible Persons.

(ii) Allocation via balloting to the Malaysian Public

37,159,100 Issue Shares, representing about 2.0% of our enlarged issued share capital, are reserved for application by the Malaysian Public of which 18,579,550 Issue Shares have been set aside for application by Bumiputera citizens, individuals, companies, co-operatives, societies and institutions.

3.1.3 Moratorium on our Shares

In accordance with the Equity Guidelines, Loi Tuan Ee, Loi Tuan Kin, Rainforest Capital and Farmchoice Foods are not allowed to sell, transfer or assign any of its holding in our Shares as at the date of our Listing, for a period of six months from the date of our Listing. Cahaya Bintang is also not allowed to sell, transfer or assign any of its holding in our Shares arising from the declaration of a dividend-in-specie by Farmchoice Foods of our Shares after our Listing, for a period of six months from the date of our Listing.

The gross proceeds raised from our Public Issue and our Offer for Sale amounts to RM301.0 million and up to RM702.3 million, respectively. For detailed information relating to our IPO and moratorium on our Shares, see Sections 4.2 and 2.2 of this Prospectus, respectively.

3.2 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 24 March 2010 as a private limited company under the name of The Holstein Milk Company Sdn Bhd and is deemed registered under the Act. On 24 May 2021, our Company changed its name to Farm Fresh Sdn Bhd. On 22 September 2021, our Company was converted into a public company and assumed the name of Farm Fresh Berhad.

The principal activity of our Company is that of rearing dairy cows and the sale of dairy cows' milk whilst, together with our subsidiaries, we form a fast-growing vertically integrated dairy group engaged in the business of farming, manufacturing and distribution of various dairy products and plant-based products. As at the LPD, our Group operates five dairy farms in Malaysia and one dairy farm in Australia.

As at the LPD, our Group has a diverse product portfolio which consists primarily of chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products and fruit jam and sauces.

For further details on our history, group structure and business, see Sections 6 and 7 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(i) **One of the largest and fastest growing players in the attractive Malaysian dairy industry**

We are the largest integrated producer of dairy products made from fresh milk in Malaysia as at 2020, according to Frost & Sullivan, and we have a strong market position and growth track record across our product categories.

(ii) **Attractive and diversified portfolio of proprietary brands built on a fresh milk proposition and supported by culture of innovation**

Our brands are well-established names with broad recognition among local consumers, particularly due to our commitment to deliver fresh-milk-based products and to innovate to meet changing consumer tastes and preferences.

(iii) **Vertically integrated "grass-to-glass" model providing operational and financial benefits**

We have a presence across the upstream, midstream and downstream segments of the dairy industry, which we leverage on for our expansion and growth.

(iv) **Strong competitive advantage through gene bank ownership and notable farm management and animal husbandry practices**

As at December 2021, we own one of the largest remaining gene banks of the original AFS cattle globally, according to Frost & Sullivan, which coupled with our animal husbandry practices help us generate and maintain high yields and high quality milk from our dairy cows.

(v) **Extensive market penetration through multi-channel distribution network**

Our multi-channel distribution network covers all the states and key cities in Malaysia, allowing us to deliver our products to a broad range of customers in Malaysia and offering multiple routes to market for further penetration and growth.

(vi) Strong and experienced management team with significant emphasis on ESG initiatives

Our founder-led key senior management team have in aggregate over 33 years of experience in the dairy industry, and a track record of delivering organic and inorganic growth whilst placing importance on sustainable, socio-economic development and environmental goals.

For further details on our competitive strengths, see Section 7.2 of this Prospectus.

3.4 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic, together with the resulting travel restrictions and quarantine and lockdown measures imposed in Malaysia, has not had a material adverse impact on our business and operations. While the Government ordered all government and private premises to close with the imposition of a MCO pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 with effect from 18 March 2020 to 3 May 2020 (the "**First MCO Period**"), we were allowed to continue operating during that time as an "essential service" since we supply and produce milk and other dairy products which are consumed on a regular basis. The Government imposed another MCO with effect from 13 January 2021 to 18 February 2021 (the "**Second MCO Period**"). Subsequently, the Government announced a nationwide reimposition of the MCO with effect from 12 May 2017 to 7 June 2021 (the "**Third MCO Period**"). Following the increase in the number of new COVID-19 cases, the Government implemented a nationwide total lockdown with effect from 1 June 2021 to 14 June 2021 (the "**Full MCO Period**"). On 15 June 2021, the Government introduced a four-phase national recovery plan where different degrees of travel restrictions and restriction in the operation of various economic sectors are implemented in each phase of the national recovery plan (the "**National Recovery Plan**"). As at the LPD, the First MCO Period, the Second MCO Period, the Third MCO Period, the Full MCO Period or the National Recovery Plan has not had a material adverse impact on our business operations and financial condition.

For further details on the impact of the COVID-19 pandemic on our business, see Sections 5 and 7 of this Prospectus.

3.5 FUTURE PLANS AND STRATEGIES

Our future plans and strategies are as follows:

(i) Expand our capabilities across the value chain in Malaysia

We endeavour to sustain and enlarge our market position by expanding our upstream capacity while improving operational efficiency and deepening our distribution network.

(ii) Continue to develop and grow our product portfolio

We are well-placed to leverage on the current market recognition of our brands; our strength in product development, distribution network and product quality to enhance our product offering.

(iii) Regional expansion outside of Malaysia

We plan to increase our production capabilities in Australia through the expansion of our Kyabram Facility to further support our operations in Malaysia and Singapore as well as serve as an export hub to expand into the adjacent markets in the Southeast Asia and Asia Pacific regions.

For further details on our future plans and strategies, see Section 7.3 of this Prospectus.

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and key senior management are as follows:

Name	Designation
Directors	
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	Independent Non-Executive Chairman
Loi Tuan Ee	Non-Independent Executive Director
Loi Foon Kion	Non-Independent Non-Executive Director
Tan Mei Shwen Serena	Non-Independent Non-Executive Director
Sukanta Kumar Dutt	Independent Non-Executive Director
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	Independent Non-Executive Director
Jocelyn Ng Lai Leng	Independent Non-Executive Director
Key senior management	
Loi Tuan Ee	Non-Independent Executive Director, Group Managing Director and Group Chief Executive Officer
Azmi Bin Zainal	Group Chief Operating Officer
Loi Tuan Kin	Plant Operations Director
Mohd Khairul Bin Mat Hassan	Group Chief Financial Officer
Adam Graeme Pretty	Managing Director of the Australian Business
Jacob a/l Mathan	Group Senior Farm Manager

For further information on our Directors and key senior management, see Sections 9.2.1 and 9.3.1 of this Prospectus, respectively.

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3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The following table sets out the direct and indirect shareholdings of our Promoters and Substantial Shareholders in our Company before and after our IPO:

						After our IPO											
		Before our IPO[1]				Assuming the Over-allotment Option is not exercised[2]				Assuming the Over-allotment Option is fully exercised[2]				Upon Listing and assuming exercise of the ESOS Options[3]			
	Nationality/	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Country of Incorporation	No. of Shares	%	No of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial Shareholders																	
Loi Tuan Ee	Malaysian	1	*	[4]1,144,500,135	70.00	1	*	[4]849,604,935	45.73	1	*	[4]827,309,535	44.52	5,000,001	0.26	[4]827,309,535	43.65
Rainforest Capital	Malaysia	763,000,115	46.67	-	-	582,159,215	31.33	-	-	571,011,515	30.73	-	-	571,011,515	30.13	-	-
Farmchoice Foods	Malaysia	381,500,020	23.33	-	-	[7]267,445,720	14.39	-	-	[7]256,298,020	13.79	-	-	[7]256,298,020	13.52	-	-
Substantial Shareholders																	
Agrifood Resources	Malaysia	490,500,000	30.00	-	-	241,534,100	13.00	-	-	219,238,600	11.80	-	-	219,238,600	11.57	-	-
Khazanah	Malaysia	-	-	[5]490,500,000	30.00	-	-	[5]241,534,100	13.00	-		[5]219,238,600	11.80	-	-	[5]219,238,600	11.57
Loi Foon Kion	Malaysian	-	-	[6]763,000,115	46.67	-	-	[6]582,159,215	31.33	-		[6]571,011,515	30.73	-	-	[6]571,011,515	30.13

Notes:

* *Less than 0.01%.*

(1) *Based on our enlarged issued share capital of 1,635,000,137 Shares after the Pre-IPO Exercise.*

(2) *Based on our enlarged issued share capital of 1,857,954,837 Shares upon Listing and assuming full subscription of our Issue Shares allocated under the Pink Form Allocations.*

(3) *Based on our enlarged issued share capital of 1,895,113,837 Shares after assuming full exercise of the 37,159,000 ESOS Options intended to be offered as described in Section 4.2.6 of this Prospectus.*

(4) *Deemed interested through Rainforest Capital and Farmchoice Foods pursuant to Section 8 of the Act.*

(5) *Deemed interested through Agrifood Resources pursuant to Section 8 of the Act.*

(6) *Deemed interested through Rainforest Capital pursuant to Section 8 of the Act.*

(7) *Excluding 23,633,900 Shares representing 1.272% equity interest in our Company, to be declared as a dividend-in-specie by Farmchoice Foods to Cahaya Bintang as described in Section 9.1.3 of this Prospectus.*

For further information on our Promoters and Substantial Shareholders, see Section 9.1 of this Prospectus.

3.8 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all of the information contained in this Prospectus, including all the risk factors, before deciding to invest in our Shares.

The following is a summary of the key risks that we face in our business operations and industry:

(i) Our brand and reputation are pivotal to our business operations and continued success, and any negative publicity and/or negative perception of our brand or the value of our products may have an adverse impact on our business.

(ii) Failure to maintain the quality of our milk and milk yield may have an adverse effect on our business. Our total milk yield for the period commencing from 1 April 2021 up to the LPD in Malaysia and Australia is 14.7 litres per day and 29.8 litres per day, respectively.

(iii) Failure to manage our distribution network could adversely affect our relationship with distributors, our reputation, the sale of our products and our profitability. Over 85% of our products are sold through an extensive distribution network comprising large format retailers, stockists, home dealers, HORECA, export markets and convenience stores.

(iv) We may be affected by pandemics of infectious disease (such as COVID-19) or other health epidemics, natural disasters, terrorist attacks, armed conflicts and other events beyond our control. For further details on the breakdown of our revenue by distribution channel in Malaysia for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, see Section 12.2.2(vii) of this Prospectus.

(v) We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies and benefit from incentives and exemptions from government authorities for our business operations. As at the LPD, the potential penalties applicable to us for not obtaining such licences, permits, and approvals is up to about RM0.3 million.

(vi) The dairy industry, especially the downstream business, is highly competitive. We might lose our market share or may not be able to maintain our pricing. According to Frost & Sullivan, we are the largest integrated producer of dairy products made from fresh raw milk and the second-largest player in the RTD milk category (market share of 18%) as well as the third-largest player in the yoghurt category (market share of 11%), in Malaysia for the nine-months ended 30 September 2021.

(vii) We may face demand decline due to changes in consumer preferences, which may materially and adversely affect our operating results.

(viii) Rising operational expansion costs could materially and adversely affect our business, financial condition, results of operations and prospects. For example, our transportation and logistics costs have increased from RM9.6 million in FYE 31 March 2019 to RM24.5 million in FYE 31 March 2021. In FPE 30 September 2021, our transportation and logistics costs totalled RM11.6 million.

For further details on our risk factors, see Section 5 of this Prospectus.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out our selected historical consolidated financial data for the years/periods indicated.

	FYE 31 March			FPE 30 September	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	178,227	303,067	490,498	234,423	257,187
Cost of sales	(123,833)	(223,013)	(349,612)	(167,341)	(191,731)
GP	**54,394**	**80,054**	**140,886**	**67,082**	**65,456**
PBT	28,181	36,176	67,589	37,515	35,207
PAT attributable to:					
Owners of our Company	27,436	35,220	36,228	9,384	50,742
Non-controlling interests	(59)	(838)	(3,400)	(754)	(1,257)
% change in revenue(2)	-	70.0	61.8	-	9.7
GP margin (%)(3)	30.5	26.4	28.7	28.6	25.5
PBT margin (%)(4)	15.8	11.9	13.8	16.0	13.7
PAT margin (%)(5)	15.4	11.3	6.7	3.7	19.2

	FYE 31 March			FPE 30 September
	Audited			Audited
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
Total equity	163,811	197,765	241,030	282,842
Total loans borrowings (including lease liabilities)	64,477	153,714	248,957	284,176
Net debt(1)	60,990	146,235	237,233	224,548
Gearing ratio(6) (times)	0.39	0.78	1.03	1.00
Net gearing ratio(7) (times)	0.37	0.74	0.98	0.79

Notes:

(1) Computed based on total loans and borrowings (including lease liabilities) less cash and bank balances and deposits placed with licensed banks as at the end of the year.

(2) This reflects the percentage change in revenue compared to the prior financial year.

(3) Computed based on GP divided by revenue.

(4) Computed based on PBT divided by revenue.

(5) Computed based on PAT divided by revenue.

(6) Computed based on total loans and borrowings (including lease liabilities) over total equity as at the end of the year.

(7) Computed based on total loans and borrowings (including lease liabilities), net of cash and cash equivalents, over total equity as at the end of the year.

The following table sets out our selected operational data for the years indicated.

	FYE 31 March			FPE 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
Milking cows[(1)]	**2,227**	**2,799**	**3,009**	**2,957**	**3,314**
- Malaysia	1,226	1,503	1,767	1,698	2,105
- Australia	1,001	1,296	1,242	1,259	1,209
Annual raw milk output (million litres)	**18.5**	**23.8**	**22.7**	**11.3**	**12.1**
- Malaysia	6.8	7.9	8.9	4.2	5.4
- Australia	11.7	15.9	13.8	7.1	6.7
Revenue from sales of raw milk (RM million)	**15.8**	**22.6**	**23.7**	**10.9**	**13.8**
Revenue from sales of dairy products (RM million)	**161.3**	**270.5**	**423.8**	**204.4**	**218.9**

Note:

(1) Milking cows represent the average number of milking cows over 12 months.

For further details on our historical consolidated financial data and operational data, see Sections 12 and 13 of this Prospectus.

3.10 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM301 million[(1)] in the following manner:

	Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM'000	% of total gross proceeds from the Public Issue
1.	**Capital expenditure of our Group**			
	(i) Establishment of a new manufacturing hub, a new dairy farm and integrated processing facility in Malaysia	Within 24months	140,000	46.5
	(ii) Expansion of our production facility in Australia	Within 18 months	60,000	19.9
	(iii) Regional expansion outside of Malaysia	Within 24 months	40,000	13.3
2.	**Working capital**	Within 12 months	40,789	13.6
3.	**Estimated listing expenses**	Within 3 months	20,200	6.7
Total			**300,989**	**100.0**

Note:

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.

For detailed information relating to the use of proceeds arising from our Public Issue, see Section 4.6 of this Prospectus.

3.11 DIVIDEND POLICY

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

We have not declared or paid dividends to our shareholders for the past three financial years and up to the LPD. We target a payout ratio of approximately 25% of our net profit of each fiscal year on a consolidated basis after taking into account working capital and maintenance capital requirements, subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. For further details on our dividend policy, see Section 12.4 of this Prospectus.

3.12 SUSTAINABILITY

Our sustainability efforts are anchored around three focus areas, namely quality dairy, stronger communities and healthier planet. We are focused on building strategies that would create value and drive impact in the long term to our stakeholders, including customers, employees, government and regulators, investors and local communities.

For further details on our sustainability efforts, see Section 7.15 of this Prospectus.

3.13 NON-COMPLIANCE

Our Group is in the process of obtaining a number of relevant licences, certificates and approvals required for our business operations. Below is a summary of our Group's non-compliance incidents which may not be rectified prior to our Listing:

(i) in relation to our Mawai Farm:

  (a) development of Mawai Farm without planning permission, construction of buildings without building plan approval, occupation of buildings without CCC, operating the farm without business premise licence and providing employees' accommodation without a certificate for accommodation and abstraction of water without a water abstraction licence; and

  (b) the current land usage of Mawai Farm is a breach of the express condition set out in the land title.

  In FPE 30 September 2021, the raw milk output from our Mawai Farm is about 2.4% of our Group's total production requirement;

(ii) construction and occupation of barns on Muadzam Shah Farm without building plan approval and CCC. In FPE 30 September 2021, the raw milk output from our Muadzam Shah Farm is about 9.2% of our Group's total production requirement;

(iii) construction and occupation of buildings on Taiping Farm without building plan approval and CCC and operating the farm without business premise licence. In FPE 30 September 2021, the raw milk output from our Taiping Farm is about 0.2% of our Group's total production requirement;

(iv) occupation of buildings on UPM Farm without CCC. In FPE 30 September 2021, the raw milk output from our UPM Farm is about 1.6% of our Group's total production requirement; and

(v) construction and occupation of a warehouse on Muadzam Shah Facility without building plan approval and CCC.

In FPE 30 September 2021, about 85.7% of the raw milk we require for our operations were purchased from external third parties. As such, notwithstanding the contribution of raw milk output from our farms as described above, we do not expect the non-compliance incidents to have a material adverse impact to our Group's total production requirement.

Notwithstanding that the outstanding non-compliance incidents may remain unresolved by the time of our Listing, our Group undertakes to procure the necessary and continue making the necessary applications to or engage with the relevant authorities to resolve the same. These will include our management following up closely and liaising with the relevant authorities to address any queries and requirements raised by the relevant authorities throughout the application and deliberation process until a resolution is achieved.

For further details on non-compliance incidents and the rectification measures taken by our Group, see Section 7.17 of this Prospectus.

3.14 TAX ISSUE

One of our subsidiaries, FFMSB, has been granted Agricultural Tax Incentive for the rearing of goats/cows and milk processing projects. While FFMSB filed its prior years' taxes on the basis that it enjoyed full tax incentive on its operation, certain milk processing plants of FFMSB had not been notified to MAFI and consequently not added as approved locations on a timely basis. An amount of RM25,708,582 of tax liability and penalty in respect of the non-approved locations for the relevant year(s) of assessment ("**YA**") from 2014 to 2020 and RM10,490,033 for YA 2021 have been recognised during the FYE 2021. Upon a subsequent application to the MOF, we have received approval on 24 December 2021 that the Larkin Facility is approved for a new Tax Incentive under Section 127 (3A) of Income Tax Act, 1967. Under this incentive, we are allowed to claim income tax exemption on the statutory income arising from qualifying projects conducted in the Larkin Facility for 10 (5+5) years commencing from YA 2021. Accordingly, we have reversed the tax payable amount of RM10,490,033 for YA 2021 previously recorded in the FYE 31 March 2021.

For further details on the tax issue, see Section 12.2.2(xi) of this Prospectus.

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4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative times and/or dates:

Event	Time and/or Date
Opening of the Institutional Offering[(1)]	28 February 2022
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 28 February 2022
Closing of the Retail Offering	5:00 p.m., 8 March 2022
Closing of the Institutional Offering	10 March 2022
Price Determination Date	10 March 2022
Balloting of applications for our Issue Shares under the Retail Offering	11 March 2022
Allotment/Transfer of our IPO Shares to successful applicants	18 March 2022
Listing	22 March 2022

Note:

(1) Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition/subscription of our IPO Shares by the Cornerstone Investors was entered into on 23 February 2022.

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

4.2 PARTICULARS OF OUR IPO AND PLAN OF DISTRIBUTION

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, respectively.

Our IPO consists of the Institutional Offering and the Retail Offering, totalling up to 743,181,900 IPO Shares, representing up to about 40.0% of our enlarged issued share capital. For the avoidance of doubt, our IPO Shares offered under the Institutional Offering and the Retail Offering do not include our Shares under the Over-allotment Option.

4.2.1 Pre-IPO Exercise

In conjunction with our Listing, on 27 December 2021, our Company undertook the Bonus Issue of 1,550,000,138 new Shares to our existing shareholders for the purposes of increasing the number of our issued Shares in order to facilitate our IPO and Listing. The Bonus Issue was implemented without capitalising the retained earnings or reserves of Farm Fresh and such new Shares were issued at nil consideration.

The Bonus Issue was completed and Shares were credited as fully paid-up on a pro-rata basis to our existing shareholders based on their respective shareholdings in Farm Fresh such that their effective shareholding in Farm Fresh will be the same before and after the Bonus Issue, as follows:

	Before the Bonus Issue				After the Bonus Issue			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Rainforest Capital	39,666,668	46.67	-	-	763,000,115	46.67	-	-
Farmchoice Foods	19,833,332	23.33	-	-	381,500,020	23.33	-	-
Agrifood Resources	25,499,997	30.00	-	-	490,500,000	30.00	-	-
Loi Tuan Ee(1)	1	*	(2)59,500,000	70.00	1	*	(2)1,144,500,135	70.00
Loi Tuan Kin(1)	1	*	-	-	1	*	-	-
Total	**84,999,999**	**100.00**			**1,635,000,137**	**100.00**		

Notes:

* *Less than 0.01%.*

(1) *Loi Tuan Ee and Loi Tuan Kin have waived their entitlement to any bonus shares issued under the Bonus Issue.*

(2) *Deemed interested through Rainforest Capital and Farmchoice Foods pursuant to Section 8 of the Act.*

4.2.2 Institutional Offering

Institutional Offering at the Institutional Price payable in full upon allocation and determined by way of bookbuilding.

The Institutional Offering involves the offering of up to 687,443,200 IPO Shares (comprising up to 520,227,200 Offer Shares and 167,216,000 Issue Shares), representing up to about 37.0% of our enlarged issued share capital, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, at the Institutional Price to the following persons:

(i) 167,216,000 Issue Shares and up to 65,028,400 Offer Shares, in aggregate, representing up to about 12.5% of our enlarged issued share capital to Bumiputera investors approved by the MITI; and

(ii) up to 455,198,800 Offer Shares, in aggregate, representing up to about 24.5% of our enlarged issued share capital to:

(a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

(b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

As part of the Institutional Offering, on 23 February 2022, our Company and the Selling Shareholders, entered into a Master Cornerstone Placement Agreement with the Joint Global Coordinators and Cornerstone Investors whereby the Cornerstone Investors have agreed to acquire and/or subscribe for an aggregate of 547,188,694 IPO Shares, representing about 29.5% of our enlarged issued share capital at RM1.35 per IPO Share or the Institutional Price, whichever is lower, on the terms and subject to the conditions as set out in the Master Cornerstone Placement Agreement and the relevant individual cornerstone placement agreements. None of the Cornerstone Investors will individually acquire or subscribe for 5.0% or more of our Company's enlarged issued share capital under the cornerstone placement agreements.

The cornerstone placement agreements are conditional upon, amongst others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated under their respective terms.

4.2.3 Retail Offering

Retail Offering at the Retail Price of RM1.35 per Share, payable in full upon application. If the Final Retail Price is less than the Retail Price, the difference will be refunded to the investors.

The Retail Offering involves the offering of 55,738,700 Issue Shares, representing about 3.0% of our enlarged issued share capital, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Retail Price to be allocated in the following manner:

(i) Allocation to the Eligible Persons

18,579,600 Issue Shares, representing about 1.0% of our enlarged issued share capital, are reserved for application by the Eligible Persons in the following manner:

Eligible Persons[(1)]	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors[(2)]	3	1,500,000
Eligible employees of our Group [(3)]	583	8,500,000
Persons who have contributed to the success of our Group[(4)]	200	8,579,600
Total	**786**	**18,579,600**

Notes:

(1) Subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, all the Eligible Persons are eligible to apply for any amount of Excess Issue Shares (as defined below) made available to the Eligible Persons over and above their pre-determined allocation.

(2) *The criteria for allocation to our Directors (save for Sukanta Kumar Dutt and our Non-Independent Directors) are based on, amongst others, their respective roles and responsibilities in, and contribution to our Group and they collectively will be allocated a total of 1,500,000 Issue Shares as follows:*

Name	***No. of Issue Shares allocated***
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	*500,000*
Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam	*500,000*
Jocelyn Ng Lai Leng	*500,000*

(3) *The allocation to the eligible employees of our Group is to be made to full-time confirmed employees of our Group based on length of service, performance, job grade and their past contributions to our Group leading up to our Listing.*

(4) *The criteria for allocation is based on, amongst others, their contributions to the success of our Group, their length of business relationship with us and their sales performance. Persons who have contributed to the success of our Group include our stockists, home dealers, distributors, suppliers and vendors.*

(ii) Allocation via balloting to the Malaysian Public

37,159,100 Issue Shares, representing about 2.0% of our enlarged share capital, are reserved for application by the Malaysian Public of which 18,579,550 Issue Shares have been set aside for application by Bumiputera citizens, individuals, companies, co-operatives, societies and institutions. Any Issue Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering.

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

In summary, our IPO Shares will be allocated subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, in the following manner:

	Offer for Sale		Public Issue		Total	
Category	**No. of Shares**	**% of our enlarged issued share capital[(1)]**	**No. of Shares**	**% of our enlarged issued share capital[(1)]**	**No. of Shares**	**% of our enlarged issued share capital[(1)]**
Retail Offering:						
Eligible Persons:						
- Our Directors	-	-	1,500,000	0.1	1,500,000	0.1
- Eligible employees of our Group	-	-	8,500,000	0.4	8,500,000	0.4
- Persons who have contributed to the success of our Group	-	-	8,579,600	0.5	8,579,600	0.5
Malaysian Public (via balloting)						
- Bumiputera	-	-	18,579,550	1.0	18,579,550	1.0
- Non-Bumiputera	-	-	18,579,550	1.0	18,579,550	1.0
Sub-total	**-**	**-**	**55,738,700**	**3.0**	**55,738,700**	**3.0**
Institutional Offering:						
- Bumiputera investors approved by the MITI	65,028,400	3.5	167,216,000	9.0	232,244,400	12.5
- Other Malaysian and foreign institutional and selected investors	455,198,800	24.5	-	-	455,198,800	24.5
Sub-total	**520,227,200**	**28.0**	**167,216,000**	**9.0**	**687,443,200**	**37.0**
Total	**520,227,200**	**28.0**	**222,954,700**	**12.0**	**743,181,900**	**40.0**

Note:

(1) Based on the enlarged issued share capital of our Company of 1,857,954,837 Shares.

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.10 of this Prospectus.

4.2.4 Clawback and reallocation

The Institutional Offering and the Retail Offering will be subject to the following clawback and reallocation provisions:

(i) if our IPO Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are under-subscribed, such IPO Shares which are not taken up will be allocated to other Malaysian institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for Issue Shares by the Malaysian Public under the Retail Offering, our IPO Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering, and thereafter to the Malaysian Public under the Retail Offering;

(ii) if our Issue Shares allocated to the Eligible Persons are under-subscribed, such Issue Shares may be allocated to the other Malaysian and foreign institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Joint Global Coordinators and us;

(iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iv) subject to item (ii) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, our Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by the Eligible Persons ("**Excess Issue Shares**") will be made available for application by the other Eligible Persons who have applied for Excess Issue Shares over and above their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

(a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for;

(b) secondly, allocation of any surplus Excess Issue Shares after (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and

(c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess Issue Shares applied in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess Issue Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Issue Shares thereafter, such balance will be made available for clawback and reallocation as described in item (ii) above. Any Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Joint Underwriters, subject to the clawback and reallocation provisions.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

4.2.5 Over-allotment Option

The Over-allotment Option Providers may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Manager(s)) and may together with our Company appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at its absolute discretion, over-allot our Shares (on behalf of the Placement Manager(s)) and subsequently, effect transactions to stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market.

Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Over-allotment Option Providers at any time, within 30 days from the date of our Listing, to purchase from the Over-allotment Option Providers up to an aggregate of 44,590,900 Shares, representing up to about 6.0% of the total number of IPO Shares offered, solely for purposes of covering over-allotments of our Shares (if any).

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the Placement Manager(s)) enter into the Share Lending Agreement with the Over-allotment Option Providers to borrow up to an aggregate of 44,590,900 Shares to cover the over-allotments. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Over-allotment Option Providers either through the purchase of our Shares in the open market by the Stabilising Manager in the conduct of the stabilisation activities or deemed returned through the exercise of the Over-allotment Option by the Stabilising Manager, or a combination of both. The exercise of the Over-allotment Option will not increase the total number of our Shares issued and is not intended to constitute an offer for sale of our Shares by the Over-allotment Option Providers under our IPO.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder. The number of Shares that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action shall not exceed an aggregate of 44,590,900 Shares, representing up to about 6.0% of the total number of IPO Shares offered. However, there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earlier of: (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought on the

Main Market of Bursa Securities an aggregate of 44,590,900 Shares, representing up to about 6.0% of the total number of IPO Shares offered to undertake the stabilisation action.

Neither our Company, the Over-allotment Option Providers nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, the Over-allotment Option Providers nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

4.2.6 ESOS

In conjunction with our Listing, we have established an ESOS which involves the granting of ESOS Options to our eligible Directors and employees of our Group.

The ESOS shall be administered by the ESOS committee and governed by the By-Laws.

The salient features of the ESOS are as follows:

(i) Maximum number of new Shares available under the ESOS

The total number of new Shares which may be made available under the ESOS shall not exceed in aggregate 5.0% of our total number of issued Shares (excluding treasury shares, if any) at any one time during the duration of the ESOS ("**Maximum Limit**").

In conjunction with our Listing, we intend to offer up to 37,159,000 ESOS Options under the First Tranche of the ESOS to our eligible Directors and employees of our Group, representing up to about 2.0% of our enlarged issued share capital upon Listing. The Maximum Limit of our ESOS upon Listing is 92,897,700 ESOS Options, representing about 5.0% of our total number of issued Shares (excluding treasury shares).

(ii) Basis of allocation and maximum allowable allocation

Subject to any adjustments as may be made under the By-Laws, the aggregate number of new Shares which may be offered and allotted under the ESOS to our eligible Directors and employees of our Group shall be determined by the ESOS committee at its sole and absolute discretion, after taking into consideration, amongst others, the eligible Director or employee's position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-Laws or such other matters which the ESOS committee may in its sole and absolute discretion deem fit, subject to the following:

(a) the aggregate number of new Shares to be issued under the exercise of the ESOS Options granted under the ESOS shall not exceed the Maximum Limit and the ESOS committee shall not be obliged in any way to offer an eligible Director or employee the ESOS Options for all the specified maximum number of Shares the eligible Director or employee is entitled to under the ESOS;

(b) any offer, allocation of ESOS Options under the ESOS and the related allotment of Shares to any eligible Directors or the chief executive officer of our Company and any person connected with them, shall require prior approval of the shareholders of our Company in a general meeting, and they shall not vote on the resolution approving their respective offer, allocation and allotment;

(c) the eligible Directors and senior management shall not be allowed to participate in the deliberation or discussion of their respective allocation of ESOS Options and/or allocation of ESOS Options to persons connected with them under the ESOS;

(d) not more than 10% of Shares available under the ESOS shall be allocated to any eligible Director or employee, who, either singly or collectively through the persons connected with the eligible Director or employee, holds 20% (or such other percentage as the relevant authorities may permit) or more of the number of issued Shares (excluding treasury shares, if any) of our Company; and

(e) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee shall be determined by the ESOS committee.

(iii) Duration of the ESOS

The ESOS shall be in force for a period of 10 years commencing from the effective date ("**ESOS Period**").

(iv) Eligibility

An Executive Director or employee of any company within our Group which is not dormant who as at the date the offer is made in writing by the ESOS committee to him ("**Date of Offer**"), fulfils the following conditions shall be eligible for participation in the ESOS:

(a) has attained 18 years of age;

(b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(c) must have been confirmed in service;

(d) where the employee or Executive Director is under an employment contract, the contract is for a duration of at least one year and has not expired within three months from the Date of Offer;

(e) remains an employee of our Group and has not given any notice of resignation or received a notice of termination or has otherwise ceased or had his/her employment terminated;

(f) in the case of the Executive Director or employee of a corporation which is acquired by our Group during the ESOS Period and such corporation becomes a subsidiary of our Company upon completion of such acquisition, the Executive Director or employee must have completed a continuous period of employment of at least one (1) year in our Group from the date of confirmation of employment (which for the avoidance of doubt shall exclude any probation period), following the date that such corporation becomes or is deemed to be a subsidiary of our Company;

(g) where the Executive Director or employee has attained the mandatory retirement age of sixty (60) years old, such Executive Director or employee shall have served for a continuous period of at least one (1) year in any corporation in our Group prior to attaining the said mandatory retirement age, and subsequently offered continued employment with such corporation for a minimum period of one (1) year and at the time of consideration for the offer, he continues to be so employed;

(h) in respect of all foreign Executive Directors and/or employees (i.e. persons who are not Malaysian citizens) where in the opinion of the ESOS committee the contribution of such Executive Director and/or employee is vital to our Group, such Executive Director and/or employee shall be eligible to participate in the ESOS, subject to the provisions of the By-Laws, if the required approvals (if any) from the relevant authorities have been obtained by our Company or such Executive Director or employee (as the case may be), and such Executive Director and/or employee is, on the Date of Offer, under a subsisting employment contract and has served for at least a period of one (1) year from the date of confirmation of employment (which for the avoidance of doubt shall exclude any probation period) prior to the Date of Offer; and

(i) has fulfilled any other criteria as may be imposed by the ESOS committee from time to time,

provided always that the selection of any eligible Director or employee for participation in the ESOS shall be at the sole and absolute discretion of the ESOS committee and the decision of the ESOS committee shall be final, binding and conclusive.

(v) Exercise price

Subject to any adjustments made under the By-Laws and under the Listing Requirements, the exercise price at which the Grantee will be entitled to subscribe for every new Share by exercising the ESOS Options shall be:

(a) in respect of the First Tranche of the ESOS, the Final Retail Price; and

(b) in respect of any offer which is made subsequent to our Listing, as determined by the ESOS committee and shall be based on the five-day volume weighted average market price of our Shares immediately preceding the Date of Offer, with a discount, if any, provided always that such discount is no more than 10.0%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

The exercise price as determined in the manner set out above shall be conclusive and binding on the Grantee.

(vi) Vesting period

Subject to the terms and conditions set out in the offer letter to be issued to the respective employees, the vesting period for the First Tranche of the ESOS shall be as follows:

	First Tranche of the ESOS	
Vesting period	**Malaysia**	**Australia**
1st year	1/3	1/4
2nd year	1/3	1/4
3rd year	1/3	1/2

The ESOS committee shall have the sole and absolute discretion in determining whether the granting of the ESOS Options to the eligible Director or employee will be based on staggered granting over the duration of the ESOS or in one single grant. The ESOS committee shall also have sole and absolute discretion in determining whether the ESOS Options granted are subject to any vesting period and if so the vesting conditions and whether such vesting conditions are subject to any performance targets.

(vii) Trust

Our Company intends to establish a trust to be administered by the trustee for the purposes of implementing the ESOS ("**Trust**"). The appointed trustee shall administer the Trust in accordance with the trust deed ("**Trustee**") and shall, in particular, be responsible for the administration of the ESOS.

The Trustee shall open and maintain a trust account into which our Company and/or our subsidiaries shall inject monies for the purposes of the ESOS, in particular to enable the Trustee to use the same to subscribe for Shares and to pay for expenses in relation to the administration of the Trust in accordance with the By-Laws.

Upon the Trustee receiving a written instruction from the ESOS committee that a Grantee has elected to exercise his ESOS Option(s) under the By-Laws, the Trustee shall use the monies in the trust account to subscribe for such number of new Shares in respect of which the written instruction is given. The Grantee would not be required to make any payment in respect of the ESOS Option(s) exercised as the funding of the exercise price is provided by our Company (via the Trustee) to the Trust.

Our Company shall allot and issue the said new Shares which will be placed into a CDS account of the Trustee or its authorised nominee.

Subject to there being sufficient monies in the trust account, the Trustee or its authorised nominee shall be irrevocably authorised and instructed to assist with the sale and transfer of such number of Shares in respect of which such instruction is given, and the proceeds from the sale of the Shares shall be credited into the trust account.

The net gains from the sale of the said Shares after deducting the exercise cost i.e. exercise price x number of Shares (in respect of which the written instruction is given) and the related transaction costs, will be released to such Grantee. The balance of the proceeds, if any, will remain in the trust account may be used by the Trustee towards subsequent subscription of shares and administration expenses.

Our Board shall have power from time to time to appoint or rescind the appointment of the Trustee as it deems fit in accordance with the provisions of the trust deed.

The following is the proposed specific allocation of the ESOS Options to our eligible Directors, key senior management and persons connected with them under the First Tranche of the ESOS:

Name	Designation	No. of ESOS Options allocated
Director		
Loi Tuan Ee	Non-Independent Executive Director, Group Managing Director and Group Chief Executive Officer	5,000,000
Key senior management		
Azmi Bin Zainal	Group Chief Operating Officer	3,500,000
Loi Tuan Kin	Plant Operations Director	2,000,000
Mohd Khairul Bin Mat Hassan	Group Chief Financial Officer	2,000,000
Adam Graeme Pretty	Managing Director of Australian Business	3,000,000
Jacob a/l Mathan	Group Senior Farm Manager	1,500,000
Persons connected		
Jasmine Yeo Shin Yi[(1)]	Head of Research & Development	500,000
Loi Hean Kai[(2)]	Business Development Executive	150,000
Loh Lee Mui[(3)]	Personal Assistant to Loi Tuan Ee	50,000
Foo Chen Yee[(4)]	Personal Assistant to Loi Tuan Kin	50,000
Total		**17,750,000**

Notes:

(1) Daughter-in-law of Loi Tuan Ee.

(2) Son of Loi Tuan Ee.

(3) Wife of Loi Tuan Ee.

(4) Sister-in-law of Loi Tuan Ee.

The balance of up to 19,409,000 ESOS Options under the First Tranche of the ESOS will be granted to other eligible directors and employees of our Group (including our subsidiaries), who are not Directors of our Company and persons connected with them.

Any further offer, allocation or allotment under the ESOS to any of our eligible Directors and persons connected with them other than as stated above shall require the prior approval of our shareholders in a general meeting.

In conjunction with our Listing, we intend to offer up to 37,159,000 ESOS Options to our Directors and employees, who meet the eligibility criteria to participate in the ESOS as set out in the By-Laws in Annexure D of this Prospectus. Assuming the 37,159,000 ESOS Options are fully exercised into 37,159,000 new Shares, such Shares represent about 2.0% of our enlarged issued share capital upon Listing. In compliance with item (v)(a) above, the exercise price for the said 37,159,000 ESOS Options shall be the Final Retail Price.

The grant of the ESOS Options in conjunction with our Listing will not have an immediate effect on the consolidated NA and NA per Share until such time new Shares are issued when the ESOS Options are exercised.

For illustrative purposes only, assuming the entire 37,159,000 ESOS Options are granted and vested immediately upon Listing, and that all ESOS Options are exercised at an exercise price of RM1.35 each, being the Retail Price, the indicative pro forma financial effects are as follows:

	After our IPO	
	Upon Listing	Upon Listing and assuming exercise of the above ESOS Options
	RM'000	RM'000
NA attributable to owners of the Company	578,931	629,096
Total equity	583,831	633,996
No. of Shares ('000)	1,857,955	1,895,114
NA per Share (RM)	0.31	0.33
Total loans and borrowings (including lease liabilities)	284,176	284,176
Gearing ratio (times)[(1)]	0.49	0.45

Note:

(1) Computed based on total loans and borrowings (including lease liabilities) divided by total equity.

Any potential effect on the consolidated NA per Share would depend on the number of ESOS Options that have vested and the exercise price of the ESOS Options, which shall be the Final Retail Price. In accordance with Clause 9 of the By-Laws (as set out in Annexure D of this Prospectus), the aggregate number of Shares that a Grantee can subscribe under the ESOS Options in a particular year shall be determined by the ESOS committee at its sole and absolute discretion.

4.2.7 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our other existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares we may issue in the future, our shareholders shall, in proportion to the amount paid on our Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.2.8 Share capital

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

	No. of Shares	RM'000
After the Pre-IPO Exercise	1,635,000,137	87,780
To be issued under our Public Issue	222,954,700	(1)292,962
Enlarged issued share capital upon Listing	**1,857,954,837**	**380,742**

Note:

(1) Calculated based on the Retail Price and after adjusting against our share capital, the estimated listing expenses of approximately RM8.0 million assumed to be directly attributable to the Public Issue.

4.2.9 Priority of the offering

In the event the demand for our IPO Shares is less than 743,181,900 IPO Shares, the Public Issue shall take precedence over the Offer for Sale. The demand for our IPO Shares shall be firstly satisfied with the Issue Shares under our Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

4.2.10 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of IPO Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with our Listing. See Section 5.4.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4.3 SELLING SHAREHOLDERS

The Offer Shares to be offered by the Selling Shareholders and their respective direct shareholdings in our Company before and after our IPO and their material relationship with our Group within the past three years are as follows:

Name	Material relationship with our Group	Shareholding after the Pre-IPO Exercise		Shares offered pursuant to the Offer for Sale		Shareholding after our IPO assuming the Over-allotment Option is not exercised		Over-allotment Option		Shareholding after our IPO assuming the Over-allotment Option is fully exercised	
		No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%
Rainforest Capital	Promoter and Substantial Shareholder	763,000,115	46.7	180,840,900	9.7	582,159,215	31.3	11,147,700	0.6	571,011,515	30.7
Farmchoice Foods	Promoter and Substantial Shareholder	381,500,020	23.3	90,420,400	4.9	[(3)]267,445,720	14.4	11,147,700	0.6	[(3)]256,298,020	13.8
Agrifood Resources	Substantial Shareholder	490,500,000	30.0	248,965,900	13.4	241,534,100	13.0	22,295,500	1.2	219,238,600	11.8
Total		**1,635,000,135**	**99.99**	**520,227,200**	**28.0**	**1,091,139,035**	**58.7**	**44,590,900**	**2.4**	**1,046,548,135**	**56.3**

Notes:

(1) Based on our issued share capital of 1,635,000,137 Shares after the Pre-IPO Exercise.

(2) Based on our enlarged issued share capital of 1,857,954,837 Shares upon Listing.

(3) Excluding 23,633,900 Shares, representing 1.272% equity interest in our Company, to be declared as a dividend-in-specie by Farmchoice Foods to Cahaya Bintang as described in Section 9.1.3 of this Prospectus.

4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

4.4.1 Retail Price

The Retail Price was determined and agreed upon between our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators, after taking into consideration the following factors:

(i) our Group's growth demonstrated by the growth in our revenue and PAT attributable to the owners of our Company at (a) a CAGR of 65.9% and 14.9%, respectively from FYE 31 March 2019 to FYE 31 March 2021; and (b) a CAGR of 9.7% and 439.4%, respectively from FPE 30 September 2020 to FPE 30 September 2021. Our EBITDA has also increased at a CAGR of 55.6% and 8.8% over the same period from FYE 31 March 2019 to FYE 31 March 2021 and from FPE 30 September 2020 to FPE 30 September 2021, respectively and during this period of growth, our EBITDA margins were 22.9%, 18.7%, 20.1% and 21.2% in the FYE 31 March 2019, 31 March 2020, 31 March 2021 and FPE 30 September 2021, respectively;

(ii) PER of about 71.1 times based on our Group's EPS of about 1.9 sen after taking into account our PAT attributable to the owners of our Company of about RM36.2 million for the FYE 31 March 2021 and our 1,857,954,837 Shares upon Listing.

For the FYE 31 March 2021, our Group recognised an additional tax expense and penalty of RM25,708,582 relating to the previous YA 2014 to YA 2020. Further, an amount of RM10,490,033 of tax expense was also provided for in respect of YA 2021 in the audited financial statements for the FYE 31 March 2021, which was subsequently reversed in the FPE 30 September 2021 as our Group received a new tax incentive. See Sections 12.1.1 and 12.2.2(xi) of this Prospectus for further details on the additional tax assessment and the new tax incentive.

For illustration purposes, assuming the additional tax expense of RM25,708,582 is reallocated to the previous YAs and the reversal of the RM10,490,033 of tax expense previously recorded for the FYE 31 March 2021, our Group's adjusted EPS is about 3.9 sen, based on our adjusted consolidated PAT attributable to the owners of our Company for the FYE 31 March 2021 of RM72.4 million and our 1,857,954,837 Shares upon Listing. Accordingly, this translates into an adjusted PER of about 34.6 times for the FYE 31 March 2021;

(iii) our pro forma NA per Share of about RM0.31 as at 30 September 2021 based on our enlarged issued share capital of 1,857,954,837 Shares upon Listing, representing a price-to-book ratio of about 4.4 times based on the Retail Price;

(iv) our financial performance and operating history as described in Sections 12 and 13 of this Prospectus;

(v) our competitive strengths as follows:

(a) we are one of the largest and fastest growing players in the attractive Malaysian dairy industry;

(b) we have an attractive and diversified portfolio of proprietary brands built on a fresh milk proposition and supported by culture of innovation;

(c) we operate on a vertically integrated "grass to glass" model providing operational and financial benefits;

(d) we have a strong competitive advantage through gene bank ownership and notable farm management and animal husbandry practices;

(e) we have extensive market penetration through our multi-channel distribution network; and

(f) we have a strong and experienced management team with significant emphasis on environmental, social and governance initiatives;

(vi) our future plans and strategies as follows:

(a) to expand our capabilities across the value chain in Malaysia;

(b) to continue to develop and grow our product portfolio; and

(c) to expand regionally outside of Malaysia.

(vii) the overview and the future outlook of the dairy industry in Malaysia and Australia, as described in Section 8 of this Prospectus; and

(viii) the prevailing market conditions, including market performance of key global indices and companies involved in similar businesses listed on the stock exchange, current market trends as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be the lower of:

(i) the Retail Price; or

(ii) the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. See Section 4.4.3 of this Prospectus for details of the refund mechanism.

The Final Retail Price and the Institutional Price will be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

4.4.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process commenced on 28 February 2022 and will end on 10 March 2022. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators on the Price Determination Date.

4.4.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund will be made:

(i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or

(ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via the Internet Share Application, within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 15.10 of this Prospectus.

4.4.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be about RM2.5 billion.

You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus.

4.5 DILUTION

Dilution is the amount by which our pro forma consolidated NA per Share after our IPO is less than the price paid by retail, institutional and selected investors for our Shares. Our pro forma consolidated NA per Share as at 30 September 2021 after the Pre-IPO Exercise and before adjusting for our IPO was RM0.17, based on 1,635,000,137 Shares following the Pre-IPO Exercise.

After taking into account our enlarged issued share capital from the issuance of 222,954,700 Issue Shares and after adjusting for the use of proceeds from our Public Issue, our pro forma consolidated NA attributable to owners of our Company as at 30 September 2021 would be RM563.5 million. This represents an immediate increase in consolidated NA per Share of RM0.13 to our existing shareholders and an immediate dilution in NA per Share of RM1.05 representing about 77.8% of the Retail Price and the Institutional Price (assuming the Final Retail Price and the Institutional Price will equal the Retail Price) to the retail/institutional and selected investors.

The following table illustrates such dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	RM
Final Retail Price/Institutional Price	1.35
Pro forma consolidated NA per Share as at 30 September 2021 after the Pre-IPO Exercise and before adjusting for our IPO	0.17
Pro forma consolidated NA per Share as at 30 September 2021, after the Pre-IPO Exercise and after adjusting for the use of proceeds from our Public Issue	0.30

	RM
Increase in consolidated NA per Share to our existing shareholders	0.13
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors	1.05
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price	77.8%

Save as disclosed below, none of our Promoters, Substantial Shareholders, Directors, key senior management, or persons connected to them had acquired, obtained the right to acquire and/or subscribe for our Shares in the past three years up to the LPD:

Date allotted/ transferred	Names	No. of Shares	Allotted/ Transferred	Total consideration (RM)
28 September 2018	Rainforest Capital	28,000,000	Allotted	28,000,000
28 September 2018	Farmchoice Foods	14,000,000	Allotted	14,000,000
28 September 2018	Agrifood Resources	18,000,000	Allotted	18,000,000
27 December 2021	Rainforest Capital	723,333,447	Allotted	Nil
27 December 2021	Farmchoice Foods	361,666,688	Allotted	Nil
27 December 2021	Agrifood Resources	465,000,003	Allotted	Nil

4.6 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM301.0 million[(1)] in the following manner:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM'000	% of total gross proceeds from the Public Issue
1. Capital expenditure of our Group			
(i) Establishment of a new manufacturing hub, a new dairy farm and integrated processing facility in Malaysia	Within 24 months	140,000	46.5
(ii) Expansion of our production facility in Australia	Within 18 months	60,000	19.9
(iii) Regional expansion outside of Malaysia	Within 24 months	40,000	13.3
2. Working capital	Within 12 months	40,789	13.6
3. Estimated listing expenses	Within 3 months	20,200	6.7
Total		**300,989**	**100.0**

Note:

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.

The actual proceeds accruing to our Group will depend on the Institutional Price and the Final Retail Price. If the actual proceeds are higher than budgeted above, the excess will be used for working capital. Conversely, if the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

To the extent that the gross proceeds from the Public Issue are not immediately required for the above purposes, we will place such funds in Shariah-compliant profit-bearing fixed deposit accounts with licensed financial institutions or in Shariah-compliant short-term money market instruments. We will provide a status update on the use of proceeds raised from the Public Issue through our quarterly reports announced to Bursa Securities and in our annual reports.

We will not receive any proceeds from the Offer Shares sold by the Selling Shareholders in our IPO. Assuming the Institutional Price will be the same as the Retail Price of RM1.35 per IPO Share, the gross proceeds of up to about RM702.3 million from the Offer for Sale will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own placement fees in respect of our IPO, which is estimated to be about RM14.1 million. Save for the placement fees in respect of the Offer Shares offered by the Selling Shareholders in our IPO, the rest of the estimated listing expenses will be borne by us. The net proceeds attributable to the Selling Shareholders for the sale of the Offer Shares (after deducting the Selling Shareholders' share of the estimated listing expenses of about RM14.1 million) will be about RM688.3 million.

Further details on the use of proceeds from our Public Issue are as follows:

4.6.1 Capital expenditure of our Group

We are committed to strengthening our position as the largest integrated producer of dairy products made from fresh milk in Malaysia. Our Directors believe that our dairy business has significant potential for future growth, due to our focus on producing nutrient-rich and fresh milk-based dairy products, competitive advantage resulting from our vertical integration and distribution network, and our customer proposition which focuses on product quality and safety as well as the changing needs and preferences of consumers. We intend to capitalise on this growth potential by continuing to increase our processing capacity and expand our distribution reach in order to improve our financial performance over the long term. Our Directors also recognise the importance of capturing a wider range of customers across geographies and intend to focus on the continuous development of our brands portfolio, including identifying suitable opportunities to invest in or develop new products or complementary businesses for our future growth.

As such, our Directors have allocated RM240.0 million or about 79.7% of the total gross proceeds from the Public Issue to fund capital expenditure for investment projects in the next two years. Specifically, RM140.0 million or about 46.5% of the total gross proceeds from the Public Issue will be used to grow our businesses in Malaysia which includes the establishment of a new manufacturing hub and a new dairy farm and integrated dairy processing facility. Outside of Malaysia, RM100.0 million or about 33.2% of the total gross proceeds from the Public Issue has been earmarked for our expansion plans in Australia and the region.

(i) Establishment of a new manufacturing hub, a new dairy farm and integrated processing facility in Malaysia

We intend to use RM140.0 million or about 46.5% of the gross proceeds from the Public Issue to expand our business in Malaysia by focusing on increasing our existing production capacity for dairy and plant-based products as follows:

Details	Estimated timeframe for the use of proceeds upon Listing	RM'000	% of total gross proceeds from the Public Issue
Establishment of a new manufacturing hub			
• Land acquisition	Within 6 months	30,000	10.0
• Building construction	Within 18 months	20,000	6.6
• Machinery and equipment	Within 24 months	40,000	13.3
Establishment of a new dairy farm and integrated processing facility	Within 24 months	50,000	16.6
Total		**140,000**	**46.5**

(a) Establishment of a new manufacturing hub

From the RM140.0 million that we have allocated, RM90.0 million is to be used for the establishment of a new manufacturing hub in the Central Region of Peninsular Malaysia which will increase our Group's existing production capacity for dairy and plant-based products. The manufacturing hub will also serve as a base for the development of new product offerings in Malaysia, whereby we will replicate our existing product development efforts in Larkin, at a larger scale.

As at the LPD, we are in the midst of identifying suitable locations for the new manufacturing hub taking into account location, land cost and readiness of infrastructure. We have earmarked RM30.0 million for the land purchase with an intended area of about 10 acres and assuming we are able to agree to the terms by the first half of 2022, we aim to obtain the relevant approvals and commence construction by the second half of 2022. If an agreement for the land acquisition is reached prior to our Listing, the initial deposit will be funded from internally generated funds. Given the expected timeline for completion of the sale and purchase agreement for the land acquisition, in particular to obtain the consent of state authority for the transfer of land title, the remaining balance of the purchase price is expected to be due and payable after our Listing and will be funded from the IPO proceeds. In the event that the balance purchase price is due and payable before our Listing and funded by external financing, the financing will then be subsequently repaid using the IPO proceeds earmarked for the land purchase.

We intend to use RM20.0 million for the construction of the building including civil works, mechanical and electrical systems and installation of cold storage facilities for ice-cream products at the new manufacturing hub. Once ready, we will fit out the building with one UHT processing line, two units of filling and packaging lines for the packaging of our 200 ml UHT/ambient products and two ice-cream production lines, which are estimated to cost RM10.0 million, RM20.0 million and RM10.0 million, respectively. We aim to complete setting up the manufacturing hub around 24 months from our Listing, taking into account the time required for the receipt of relevant planning approvals, construction and building fit-out, as well as equipment and machinery installation. Once the setup is completed, the testing of production lines will be carried out for around one to two months and the commencement of manufacturing operations is expected to take place thereafter.

We have estimated the cost of setting-up the new manufacturing hub based on the historical cost of establishing our manufacturing facilities in Muadzam Shah, Larkin and Taiping, which primarily comprise land costs, construction costs and cost to purchase and install machinery and equipment.

As at the LPD, no amount has been incurred towards this project. The cost for the new manufacturing hub will be funded entirely using the proceeds of the Public Issue. If the allocated proceeds are insufficient for the establishment of the new manufacturing hub, any shortfall will be funded through internally-generated funds and/or external financing. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

(b) Establishment of a new dairy farm and integrated processing facility

We intend to use RM50.0 million or 16.6% of the gross proceeds from the Public Issue to scale up our integrated dairy business to capture market opportunities along the dairy value chain.

Of the RM50.0 million that we have allocated, RM20.0 million or about 6.6% of the gross proceeds from the Public Issue will be used to fund the establishment of a new dairy farm within 24 months from the date of our Listing. As at the LPD, we are exploring with a State Government-linked company to utilise their existing land which measures about 500 to 1,000 acres for purposes of the establishment of an integrated dairy project. We intend to commence development of the new dairy farm in the fourth quarter of 2022 and complete a basic shed and have the first heifer arrival by the first quarter of 2024. The new farm is expected to have a capacity of 3,000 dairy cows and will be replicated after our Taiping Farm, where there will also be a pasteurisation and filling facility for raw milk.

The total capital expenditure for the new farm is estimated based on our historical cost of setting-up a new farm of similar scale, which primarily comprises (i) construction costs for, amongst others, six cow barns, one rotary milking station, two treatment rooms, a feed storage facility, a pasteurisation and filling facility for raw milk, an office and ancillary buildings.

We plan to purchase and import heifers from Australia (which will be around two months pregnant) to the farm after the basic shed is completed following 12 to 15 months of development, such that the heifers would become milkable cows when the milking stations have been installed and the farm is ready for commercial milk production between 21 to 24 months after commencement of development.

Upon completion of our farm expansion plans, we expect to have six operating dairy farms in Malaysia with an aggregate capacity of about 14,834 dairy cows, representing an increase of about 25.4% from the aggregate capacity of 11,834 dairy cows at our five operating dairy farms in Malaysia, as at the LPD. With the resultant larger operating scale, we would be able to maximise our competitive advantages with respect to animal husbandry and farm management, improve our profit margins, and eventually strengthen our position in the dairy industry. Further, our expanded network of dairy farms will allow us to increase our penetration into target markets and raise market awareness of our products in Malaysia.

Our Directors believe that we can continue to unlock the full value of the raw milk produced by our enlarged upstream dairy farming business by incurring another RM30.0 million or about 10.0% of the gross proceeds from the Public Issue to set up an integrated milk processing facility with one pasteurisation line and two packaging and filling lines for the packaging of our chilled RTD milk products to complement the operations of the new farm. Having an integrated milk processing facility co-located with our new farm is expected to enhance the efficiency of operations in respect of our raw milk processing and finished goods production.

The capital expenditure required for the new processing facility is estimated based on the historical cost of setting-up our Taiping Facility which has a similar number of production lines being primarily construction costs, cold room and storage room including racking, chiller and boiler and costs to purchase and install machineries and equipment.

As the timeframe for the setting up of the new processing facility is intended to correspond with the farm being ready for commercial milk production, the use of proceeds for the establishment of the new facility is also expected to be within 24 months from the date of our Listing.

As at the LPD, no amount has been incurred towards this project. The cost for the new dairy farm and integrated processing facility will be funded entirely using the proceeds of the Public Issue. If the allocated proceeds are insufficient for the establishment of the new dairy farm and integrated processing facility, any shortfall will be funded through internally-generated funds and/or external financing. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

The completion of the new manufacturing hub is expected to increase our Group's total annual production capacity of finished UHT/ambient RTD products by 13.6 million litres with the additional two filling and packaging lines as well as an additional two ice cream filling lines with a total annual production capacity of 2.3 million kg. The completion of our new integrated processing facility is expected to increase our Group's total annual production capacity of finished chilled RTD products by 20.8 million litres with the additional two filling and packaging lines.

(ii) Expansion of our production facility in Australia

We intend to use RM60.0 million or about 19.9% of the gross proceeds from the Public Issue to fund the expansion of our Kyabram Facility in Australia ("**Phase 2 Expansion**") within 18 months from the date of our Listing. As at the LPD, our existing Kyabram Facility is solely used for the processing of raw milk for use in our Malaysian midstream operations. The Phase 2 Expansion will allow our Group to begin manufacturing UHT/ambient products at our Kyabram Facility to serve as an export hub to the Asia-Pacific region and support our operations in Malaysia and Singapore as well as our expansion into the adjacent markets in the Southeast Asia region.

As part of the Phase 2 Expansion, we estimate to incur RM10.0 million for building improvements such as utilities connection and electrical control systems, heating, air-conditioning installation, plumbing and drainage at our Kyabram Facility in anticipation of the installation of new machineries and equipment required for the production of UHT/ambient products. The fit out cost is estimated based on the historical cost to establish our existing Kyabram Facility.

The balance of RM50.0 million will be used to purchase machineries and equipment for the production of UHT/ambient products such as one UHT processing line as well as three filling and packaging lines, comprising one 1 litre and two 200 ml filling and packaging lines. The estimated costs are based on our ongoing discussions with the supplier.

We expect to begin (after receipt of all relevant approvals for the construction) the Phase 2 Expansion in the first half of 2022 and commence production of UHT/ambient products at our Kyabram Facility in the second quarter of 2023. The installation of the three additional packaging and filling lines as part of the Phase 2 Expansion will then allow us to produce 50.0 million litres of UHT/ambient products in Australia.

As at the LPD, no amount has been incurred towards this project. The total cost for the Phase 2 Expansion is estimated to be RM70.0 million, of which RM60.0 million will be funded using the proceeds of the Public Issue while the balance of RM10.0 million will be funded using internally generated funds. If the allocated proceeds from the Public Issue are insufficient for the Phase 2 Expansion, any shortfall will be funded through internally-generated funds and/or external financing. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

(iii) Regional expansion outside of Malaysia

We have set aside RM40.0 million or about 13.3% of the gross proceeds from the Public Issue for the expansion of our dairy business in the Southeast Asia region within 24 months from the date of our Listing.

Our Directors believe that certain target markets in the region could potentially grow at a higher rate than our domestic sales in line with the population and economic growth of those countries. As such, in addition to our current expansion plans in Malaysia and Australia, we are seeking and exploring other potential expansion projects to further increase our overall production capacity and scale of our business. To that end, we intend to replicate our approach to milk processing and distribution in order to establish a presence for our dairy and non-dairy products, initially in location(s) in Indonesia and the Philippines where we believe there is consumer demand for our products, as well as potentially other countries in the region in the future.

We intend to use RM20.0 million or about 6.6% of the gross proceeds from the Public Issue each in Indonesia and the Philippines, to establish new production and distribution capabilities. We intend to rent one factory building in both Indonesia and the Philippines, where we will then set up our production facilities and warehouses by fitting-out the buildings with a cold room, a storage room which would include racks, a chiller and a boiler, as well as install machineries and equipment such as one pasteurisation line and two filling and packaging lines, each.

While the production facility is in construction, we will export UHT/ambient products from Malaysia to these warehouses in Indonesia and the Philippines, after which the products will be distributed by local third party distributors. Following the commencement of our processing facilities in Indonesia and the Philippines, we will increase our presence in these countries by importing frozen milk from our Kyabram Facility to be used as raw materials to manufacture our products locally.

The completion of the new processing facilities in Indonesia and the Philippines is expected to increase our Group's total annual production capacity by about 20.8 million litres of finished products each.

As at the LPD, no amount has been incurred towards these projects. The total cost of our expansion into Indonesia and the Philippines each will amount the same which in aggregate is expected to be RM50.0 million, out of which RM40.0 million will be funded using the proceeds from the Public Issue while the balance of RM10.0 million will be funded using internally generated funds. The capital expenditure required for the processing facilities in Indonesia and the Philippines is estimated based on the historical cost of setting up a new facility with a similar number production lines. If the allocated proceeds are insufficient for the regional expansion, any shortfall will be funded through internally-generated funds and/or external financing. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

For more information about our regional expansion strategies, please refer to Section 7.3.3 of this Prospectus.

Our Group, in response to the competitive and dynamic nature of the industry in which we operate, may have to revise our funding requirements and use of proceeds for the above planned capital expenditure on account of various factors, such as our financial condition, business and strategy, including external factors which may not be within our control. This may entail rescheduling and revising our planned capital expenditure and funding requirement, and increasing or decreasing the quantum for a particular planned expenditure.

If at any point in time after our Listing, the actual use of proceeds towards any planned capital expenditure item at such point in time is lower than the amount estimated, the excess may (subject to the same first being available for use to fund other investment projects in Malaysia and Australia) be used for the working capital requirements of our Group.

However, if at any point in time after our Listing, there is an increase in the funding requirements for any planned capital expenditure item at such point in time, the deficit will be funded out of any available excess proceeds allocated to the working capital requirements of our Group. If surplus funds are unavailable, we may also explore other options, including using our internally generated funds and/or external financing.

4.6.2 Working capital

We intend to use RM40.8 million or 13.6% of the gross proceeds from the Public Issue to fund the working capital requirements of our Group, which is expected to increase primarily as a result of the expansion plans for our dairy farming and milk processing operations as well as the expected growth of our businesses in Malaysia and overseas markets.

From the RM40.8 million that we have allocated, a total of RM30.3 million will be used for the working capital requirements to finance raw material purchase, packaging materials and manpower that are required for our Malaysian and Australian operations, and RM10.5 million for our planned business activities in relation to the export of our UHT/ambient products from Malaysia into Indonesia and the Philippines within 12 months from the date of Listing, such as manpower, regional office overheads, inventory warehousing costs, selling and marketing expenses, as well as other statutory and regulatory fees or expenses such as import licensing fees, site permits, food regulation approval costs, legal fees and stamp duties, over the period of Listing up to 31 March 2022. We have budgeted the working capital requirements with reference to the historical cost of raw material purchases, packaging materials and manpower that we require for our operations in Malaysia and Australia which is also used to estimate working capital requirements for our expansion plans in Indonesia and the Philippines.

4.6.3 Estimated listing expenses

We estimate that about RM20.2 million or 6.7% of the gross proceeds from the Public Issue will be used for our listing expenses relating to the Public Issue, details of which are as follows:

Details	**RM'000**	**% of total gross proceeds from the Public Issue**
Professional fees	9,300	3.1
Fees to authorities	1,100	0.4
Brokerage, underwriting and placement fees	6,700	2.2
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with the Public Issue	1,450	0.5
Miscellaneous expenses and contingencies[(1)]	1,650	0.5
Total	**20,200**	**6.7**

Note:

(1) This includes other incidental charges or related expenses in connection with the Public Issue, such as fees to be paid to the translator, public or investor relation consultant and funds reserved for contingency purposes.

If the actual listing expenses are higher than estimated, the deficit will be funded out of internally generated funds. However, if the actual listing expenses are lower than estimated, the excess will be used for working capital purposes.

The proceeds of our IPO will be denominated in RM whilst the use of proceeds for our expansion plans in Australia, Indonesia and the Philippines are in AUD, IDR and PHP respectively. If the actual RM payment amount required as at the payment date is higher than the RM amount set out above due to movements in exchange rate, the deficit will be funded out of the amount allocated for working capital. However, if the actual RM amount required as at the payment date is lower than the RM amount set out above due to movements in exchange rate, the excess will be used for working capital.

4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.7.1 Brokerage fee

We will pay brokerage in respect of our Issue Shares under the Retail Offering at the rate of up to 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Coordinators and the Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

4.7.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Joint Managing Underwriters and the Joint Underwriters have agreed to underwrite our Issue Shares under the Retail Offering for an underwriting commission of up to 2.0% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.7.3 Placement fee

The Selling Shareholders for the Offer Shares and us for the Issue Shares will pay the Joint Global Coordinators and the Joint Bookrunners a placement fee and selling commission of up to 1.5% (exclusive of applicable tax) and may pay the Joint Global Coordinators and the Joint Bookrunners a discretionary fee of up to 0.5% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian and foreign institutional and selected investors in accordance with the terms of the Placement Agreement.

4.8 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.8.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Joint Managing Underwriters and the Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite 55,738,700 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.7.2 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

Unless waived by the Joint Managing Underwriters, who have agreed to underwrite 27,869,500 Issue Shares under the Retail Offering, the underwriting obligations of the Joint Managing Underwriters and the Joint Underwriters are subject to certain conditions precedent which must be fulfilled or waived on or before the closing date of the Retail Offering as stated in this Prospectus or such later date as may be agreed in writing by the Joint Managing Underwriters.

The Joint Managing Underwriters (on behalf of the Joint Underwriters) may by notice to us, given at any time before the date of Listing, terminate, cancel and withdraw their respective underwriting commitment if:

(a) there is an occurrence of any event or discovery of any fact or circumstances resulting in a breach by us of any of the warranties or undertakings set out under the Retail Underwriting Agreement or rendering any of the warranties or undertakings untrue, inaccurate or misleading in any respect;

(b) without prejudice to sub-paragraph (a) above, there is failure on our part to perform any of our obligations contained in the Retail Underwriting Agreement which results in any event, development or occurrence, or series of events, developments or occurrences, which, in the sole opinion of the Joint Managing Underwriters, have or could be expected to have a material adverse effect or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business on (a) the condition (financial or otherwise), general affairs, contractual commitments, earnings, management, business, properties, assets, liquidity, liabilities, undertakings, stockholders' equity, results of operations or prospects of our Company or our Group taken as a whole, (b) our or any of the Selling Shareholders' ability to perform our or their obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the Placement Agreement, the Share Lending Agreement or the Retail Underwriting Agreement, (c) our Group's ability to conduct our businesses and to own or lease our assets and properties as described in this Prospectus; or (d) our IPO including but not limited to the success of our IPO or the distribution or the sale of our IPO Shares pursuant to our IPO ("**Material Adverse Effect**");

(c) our Company withholds any material information from the Joint Managing Underwriters and the Joint Underwriters;

(d) there is any change or development or event which has a Material Adverse Effect;

(e) the closing date of the Retail Offering does not occur by 22 March 2022, subject to such extension which may be agreed between us and the Joint Managing Underwriters;

(f) any of the conditions precedent set out under the Retail Underwriting Agreement has not been fulfilled by the dates and times specified and has not been waived; or

(g) any of the following events occurs:

  (i) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which would have or is likely to have a Material Adverse Effect or a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of our IPO Shares or a material adverse effect on our Listing or our IPO. For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

    (aa) on or after the date of the Retail Underwriting Agreement; and

    (bb) prior to the closing date of the Retail Offering, lower than 85% of the level of the Index at the last close of normal trading on the Index on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition;

(ii) any force majeure event which is any local, national or international cause or events which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to: war, acts of warfare sabotages, hostilities, invasion, incursion by armed force, act of a hostile army, nation or enemy, national emergency, civil war, hijacking or terrorism (in all cases, whether war has been declared or not), riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military takeover or usurped power, or natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, outbreak of disease, epidemics or pandemic (including, as regards the existing COVID-19 pandemic, any worsening of it), the imposition of lockdowns or similar measures to control the spread of any epidemic or other acts of God or the occurrence of any other calamity or crisis or emergency or any event or series of events in the nature of force majeure, or deterioration of any such condition, any material disruptions in securities settlements, payment or clearance procedures in Malaysia, the United States, the United Kingdom, any member state of the European Union, Singapore, Hong Kong or Australia or any general moratorium on banking activities in any of the aforementioned which has or is likely to have a Material Adverse Effect or which has or is likely to have the effect of making any material obligation of the Retail Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of the Issue Shares;

(iii) trading in all shares or securities on Bursa Securities has been suspended or other material form of restriction in general trading in securities is imposed for three consecutive Market Days or more;

(iv) any government requisition or occurrence of any other nature whatsoever which would have a Material Adverse Effect;

(v) there shall have been announced or carried into force any new law or regulation, directive, policy or ruling or change in law, regulation, directive, policy, ruling in any jurisdiction, interpretation or application by any court or any governmental, statutory or regulatory body having authority, jurisdiction or control over any party under the Retail Underwriting Agreement which has a Material Adverse Effect or prejudice the success of our IPO or our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer our IPO Shares or making the Retail Underwriting Agreement incapable of being performed in accordance with its terms;

(vi) the Institutional Offering and/or the Retail Offering is stopped or delayed by us or any governmental, statutory or regulatory body having authority, jurisdiction or control over any party under the Retail Underwriting Agreement for any reason whatsoever (unless such delay has been approved by the Joint Managing Underwriters);

(h) our Listing does not take place by 5 April 2022 or such other extended date as may be agreed in writing by the Joint Managing Underwriters;

(i) in the event our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Joint Managing Underwriters; or

(j) if the SC or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it impracticable to market our IPO or enforce contracts to allot and/or transfer our IPO Shares.

4.8.2 Placement

We and the Selling Shareholders expect to enter into the Placement Agreement with the Joint Global Coordinators and the Joint Bookrunners in relation to the placement of up to 687,443,200 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.4 and 4.2.5 of this Prospectus, respectively. We and the Selling Shareholders will be requested to give various representations, warranties and undertakings, and to indemnify the Joint Global Coordinators and the Joint Bookrunners against certain liabilities in connection with our IPO.

4.8.3 Lock-up arrangement

(i) We have agreed that for a period beginning on and including the date of the lock-up letter and ending on, and including, the date that is six (6) months after the date of Listing, we will not and shall procure that our subsidiaries, affiliates and nominees or trustees holding Shares on trust for or on our behalf shall not, without the prior written consent of the Joint Global Coordinators (which consent shall not be unreasonably withheld), directly or indirectly, conditionally or unconditionally:

(a) (A) issue, allot, offer, pledge, sell, offer to sell, contract to sell, assign, issue or sell or grant or agree to grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, hypothecate or create any encumbrance over, lend or otherwise transfer or dispose of any Shares (or any securities convertible into or exercisable or exchangeable for Shares or any securities substantially similar to our Shares) including any Shares held in treasury that are now owned or hereafter acquired by our Company or with respect to which our Company has or hereafter acquires the power of disposition, or (B) enter into any swap, hedge or derivative or any other arrangement or agreement or any transaction that transfers, in whole or in part, directly or indirectly any of the economic consequence of ownership of our Shares or any securities convertible into or exercisable or exchangeable for Shares or any securities that represent the right to receive or are substantially similar to our Shares, whether any such swap or transaction as described in (A) or (B) above is to be settled by the delivery of Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any Shares being offered and sold by our Company in connection with our IPO;

(b) deposit any Shares (or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities;

(c) do or announce any intention to do any of the above or an offering or sale of any Shares (or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof));

(d) save for such stabilising action permissible under law, take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares; or

(e) enter into or affect any transaction with the same economic effect as any transactions described in paragraphs (a) to (d) above.

The restrictions in Section 4.8.3(i) above does not apply to (1) the grant of ESOS Options by our Company under the First Tranche of the ESOS, (2) the issuance, offer and sale of any Shares by our Company pursuant to our IPO, (3) the issuance and allotment of any Shares by our Company upon the exercise of the ESOS Options granted under the First Tranche of the ESOS, (iv) the offer, transfer and sale of any Shares by the Selling Shareholders pursuant to our IPO, including the transfer of any Shares pursuant to the Share Lending Agreement and the offer and sale of any Shares pursuant to the Over-allotment Option, or (v) the transfer of any Shares by Farmchoice Foods to Cahaya Bintang pursuant to the dividend-in-specie payment as referred to in Section 9.1.3 of this Prospectus.

(ii) The Selling Shareholders have agreed that for a period beginning on and including the date of the lock-up letter and ending on, and including, the date that is six (6) months after the date of Listing, they will not and shall procure that their respective shareholders, affiliates and nominees or trustees holding Shares on trust for or on their behalf shall not, without the prior written consent of the Joint Global Coordinators (which consent shall not be unreasonably withheld), directly or indirectly, conditionally or unconditionally:

(a) (A) offer, pledge, mortgage, charge, sell, offer to sell, contract to sell, assign, sell or grant or agree to grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, hypothecate or create any encumbrance over, lend or otherwise transfer or dispose of any Shares (or any securities convertible into or exercisable or exchangeable for Shares or any securities substantially similar to our Shares), whether now owned or acquired by such Selling Shareholder between the date of the lock-up letter and the date of Listing or with respect to which such Selling Shareholder has or between the date of the lock-up letter and the date of Listing acquires the power of disposition ("**Lock-Up Shares**"), or (B) enter into any swap, hedge or derivative or any other arrangement or agreement or any transaction that transfers, in whole or in part, directly or indirectly any of the economic consequence of ownership of the Lock-Up Shares or any securities convertible into or exercisable or exchangeable for any Lock-Up Shares or any securities that represent the right to receive or are substantially similar to the Lock-Up Shares, whether any such swap or transaction described in (A) or (B) above is to be settled by the delivery of the Lock-Up Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any Shares being offered and sold by such Selling Shareholder in connection with our IPO;

(b) deposit any Lock-Up Shares (or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, any Lock-Up Shares) in any depository receipt facilities;

(c) do or announce any intention to do any of the above or an offering or sale of any Lock-Up Shares (or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, any Lock-Up Shares (or any interest therein or in respect thereof));

(d) save for such stabilising action permissible under law, take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares; or

(e) enter into or effect any transaction with the same economic effect as any transactions described in paragraphs (a) to (d) above.

The restrictions in Section 4.8.3(ii) above does not apply to (1) the grant of ESOS Options by our Company under the First Tranche of the ESOS, (2) the issuance, offer and sale of any Shares by our Company pursuant to our IPO, (3) the issuance and allotment of any Shares by our Company upon exercise of the ESOS Options granted under the First Tranche of the ESOS, (4) the offer, transfer and sale of any Shares by the Selling Shareholders pursuant to the Offer for Sale, the sale and transfer of Shares pursuant to any individual cornerstone placement agreement and the Master Cornerstone Placement Agreement and our IPO, and including the transfer of any Shares pursuant to the Share Lending Agreement and the offer and sale of any Shares pursuant to the Over-allotment Option, or (5) the transfer of any Shares by Farmchoice Foods to Cahaya Bintang pursuant to the dividend-in-specie payment as referred to in Section 9.1.3 of this Prospectus.

4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities about 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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An investment in our Shares involves a number of risks. Prospective investors should rely on their own evaluation and carefully consider all the information contained in this Prospectus, including the risks described below before deciding to invest in our Shares. If any of the risks described below actually occurs, our business, performance, financial condition, results of operations and prospects could be negatively affected, the trading price of our Shares, if any, could decline and investors may lose all or part of their investment.

5. 5.1 RISKS RELATING TO OUR BUSINESS

5.1.1 Our brand and reputation are pivotal to our business operations and continued success, and any negative publicity and/or negative perception of our brand or the value of our products may have an adverse impact on our business

Our business is highly sensitive to consumers' perception of the safety and quality of our dairy products. The brand name and trademarks under which our products are marketed and sold are crucial to our business. Any actual or perceived contamination, spoilage or other adulteration, product misbranding or tampering, or any publicity or news making accusations of the occurrence of any of these incidents may lead to the loss of consumers' confidence in our products and/or the erosion of our brand name, regardless of its merits. Adverse publicity and news about the safety and quality of domestically produced dairy products, and counterfeiting and imitation of well-known dairy products are common in the industry. Notwithstanding that (i) we actively monitor the market for any counterfeiting or imitation of our products and trademarks with the help of our distribution channel partners such as our modern trade accounts, home dealers and distributors, (ii) we believe that our specific packaging designs, packaging components and distinct products made from fresh milk makes the counterfeiting and imitation of our products more difficult, and (iii) we have not experienced counterfeiting or imitation of our products or trademarks in the past, we cannot assure you that this will not occur in the future. Our failure to detect counterfeiting and imitation of our products and trademarks and to mitigate the adverse impact from such activities could result in a decrease in our sales volume or market share as well as an increase in our administrative costs in respect of detection and protective measures.

Furthermore, notwithstanding that we have registered trademarks in Malaysia, Australia, Singapore and Indonesia and intend to continue to register trademarks in these countries, Brunei as well as new markets which we intend to expand to such as Hong Kong, Indonesia and the Philippines, we cannot assure you that the use of our brand name and trademarks will not infringe upon the intellectual property rights of any third party or otherwise violate any applicable laws. Any liability claims in relation to our use of such brand name or trademarks made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and strain on our administrative and financial resources as well as diversion of our management's attention. If we fail to effectively protect our brand name and trademarks, our reputation could be damaged, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Several of our trademark applications are currently pending approvals by the relevant regulatory authorities. See Section 7.21 of this Prospectus for details of our registration and applications for trademarks. There is no assurance that our applications for trademark registrations which are currently pending approval for registration will be successful. The failure to register our trademarks in a timely manner may mean that third parties may exploit these intellectual property rights in countries in which our trademarks have not been registered or otherwise protected.

Any adverse publicity making accusations or casting doubts on the quality of our products, the authenticity of the organic nature of our products or the Malaysian dairy industry in general, or any negative consumer perception thereof could damage consumers' confidence in our products and accordingly result in a drop in the demand for our products.

Our results of operations and financial condition could be materially and adversely affected by product contamination, spoilage or our association with any contamination or spoilage incidents. Contamination or spoilage may occur in a number of circumstances, including during the production process or as a result of improper handling or cold chain failure during transportation by third parties. During the FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, our products were not found to have contaminants or reported to be associated with any contamination incidents, and we were not subject to any product liability claims. Although we have encountered isolated and infrequent cases of spoilage incidents in the past as a result of transportation handling by third parties, such incidents did not have a material adverse impact on our business, results of operations or financial condition. Furthermore, the mere publication of information alleging that our products contain or have contained any contaminants, or adverse publicity about the quality of our products, could damage our reputation and have a material adverse effect on us, regardless of whether such publication or publicity has any factual basis.

5.1.2 **Failure to maintain the quality of our milk and milk yield may have an adverse effect on our business**

Our business and future expansion of our business depend on the quality of our milk and milk yield. The quality of our milk and our average annual milk yield are affected by a number of factors that are beyond our control, including the following:

- supply and pricing of feed. For example, prolonged drought-like conditions in Australia from 2018 to mid-2020 led to significantly higher feed costs in the market. Changes in the supply and pricing of feed may require us to make temporary changes to our total mixed ration diet that our dairy cows are fed with. This may consequently affect the volume and quality of milk produced by dairy cows, which is linked closely to the nutritional quality of the feed consumed. See Section 12.2.2(ii) of this Prospectus for more details on the factors affecting the price and availability of our raw materials such as feed;

- breeding factors, with the genetic quality and age of a dairy cow having a direct impact on the yield and quality of milk produced by such dairy cow and since we inseminate our cows by using frozen semen to increase our herd size and to improve our herd of dairy cows genetically, the supply and quality of frozen semen being linked closely to the size of our herd, the genetic quality of our herd, and in turn, the quality and yield of milk produced by our dairy cows;

- power trips at our facilities which may cause our equipment such as our cooler tanks to stop operating for an extended period of time, leading to our products such as raw milk or dairy products being damaged. Notwithstanding that we have not in the past experienced such power trips which has materially affected the quality of our products, there is no assurance that we will not in the future experience such power trips at our facilities;

- improper handling by third parties or incidents during the transportation process of our raw milk and dairy products which are beyond our control, leading to the quality of our milk being adversely affected. Notwithstanding that we have not in the past experienced such improper handling by third parties or incidents during the transportation process which has materially affected the quality of our products, there is no assurance that we will not in the future experience such incidents;

- potential outbreaks of diseases among our dairy cows. Notwithstanding that we have not in the past had an outbreak of illness or disease in our dairy farms which has materially and adversely affected our business and financial condition, there is no assurance that such outbreaks will not happen in the future; and

- climatic factors such as temperature changes due to weather and change in seasons.

The occurrence of any of the above factors and any adverse developments in relation to any such factors could influence milk production, milk yield and/or the quality of our raw milk and products, and our sales, reputation and prospects could suffer as a result.

5.1.3 Failure to manage our distribution network could adversely affect our relationship with distributors, our reputation, the sale of our products and our profitability

We sell our products to retail customers through our multi-channel distribution model. Under our distribution model, we also sell our products to stockists, home dealers and other third-party distributors who may on-sell our products to other sub-distributors, outlets and points-of-sale. As at the LPD, we have 45 stockists, spanning all the states in Malaysia, managing 906 home dealers who in turn manage 1,772 agents of theirs selling our products. In addition, as at the LPD, we also sell our products to 22 distributor agents who then on-sell our products to the various HORECA outlets. See Section 7.7 of this Prospectus for more details. Many of our competitors are expanding their distribution networks. We may not be able to compete successfully against our competitors with our existing distributors or additional distributors in the future. In addition, we may not be able to successfully manage our relationship with our stockists, home dealers and distributors.

Although we are not aware of any material loss of stockists, home dealers and distributors during FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, we cannot assure you that we will not lose any of our stockists, home dealers and distributors in the future, which may result in the loss of existing favourable arrangements with such parties and may even result in the termination of our relationships with other distributors. While we do not believe that we are substantially dependent upon any individual distributor, finding replacements for a significant proportion of our stockists, home dealers and distributors could be time-consuming and any resulting delay may be disruptive and costly to our business.

As independent companies and operators, the stockists, home dealers and distributors whom we sell our products to make their own business decisions, which may not be aligned with our interests. We do not always have full insight into their financial affairs and business practices, and are not responsible for their compliance with relevant laws and regulations. While we invest time and financial resources in training and educating our stockists and home dealers, in particular with regard to the marketing of our brands and issues such as product handling and merchandising, book-keeping and accounts management, there can be no assurance that such efforts and investments will be successful.

Furthermore, the ability of our distributors to sell our products in sufficient volumes, uphold our brand and expand their businesses and sales network are crucial to the growth of our business and would directly affect our sales volume and profitability. If any of our distributors fail to distribute our products in a timely manner with adequate quality controls or according to the terms of an individual distribution agreement, or at all, or if our distribution agreements are suspended, terminated or otherwise expired without renewal, the sales volume of our products or our profitability could be materially and adversely affected.

In addition, our reputation and brand may be adversely affected by the actions of our stockists, home dealers and distributors. If the activities of our stockists, home dealers or distributors result in negative publicity which adversely affects our brand, our reputation and consequently, our business, financial condition, results of operations and prospects could be materially and adversely affected.

5.1.4 Actual or perceived contamination in or spoilage of, advertising mislabelling or product mislabelling or recalls of, our products could harm our business and subject us to liability claims and regulatory action

Our results of operations and financial condition could be materially and adversely affected by product contamination, product spoilage, product recalls, advertising mislabelling or product mislabelling or our association with any contamination or spoilage incidents. Notwithstanding the measures we have in place to enhance the internal control system of our Group, product mislabelling may still occur from human error (such as from miscommunication among the teams involved in research and development, production, marketing and sales) or inadvertent misinterpretation of the relevant legislations or regulations. Through a routine inspection by MOH in 2021, the labels for certain UHT products in respect of the use of certain words on the packaging which we initially deemed to be in compliance were subsequently deemed by MOH to be not in compliance with the Food Regulations. Following our discussions with MOH on the timeframe to replace the affected product labels, MOH has in its letter dated 30 August 2021, granted a grace period of up to 28 February 2022 for us to use our existing product labels. We are in the process of revising the labels for the relevant products to comply with the Food Regulations and barring any unforeseen circumstances, we endeavour to replace the affected product labels by 28 February 2022. See Section 7.17.7 of this Prospectus for more details. Save for the abovementioned non-compliances, during FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, none of our products were found to have contaminants or reported to be associated with any contamination, advertising mislabelling or product mislabelling incidents, and we were not subject to any product liability claims. We have also not encountered any spoilage incidents, which had a material adverse impact on our business, results of operations or financial condition. However, we cannot give assurance that contamination, spoilage or product mislabelling will not occur during the production or transportation of our products.

As part of the milk production process, we are subject to standard quality and safety inspections by the authorities. If our raw milk or any other product we produce is found to be contaminated, spoilt or mislabelled during the inspection process, we could be subject to negative consequences such as sales returns or rejection of our products, which could reduce our sales and damage our relationships with our customers. Our products may also be contaminated or spoilt due to factors including technical malfunctions of milk production equipment used. Contamination and spoilage may also occur due to improper handling or misconduct occurring during the production or processing process which results in product contamination or spoilage. Our safety and quality inspection systems may not always be able to detect any such contamination, spoilage or quality-related issues.

Contamination, spoilage and quality-related issues may also result from residues introduced during the storage, handling and transportation phases. In addition, the contamination, spoilage or mislabelling of our products or mislabelling in our product advertising may result in product recalls, potential product liability claims, serious damage to our reputation and brand name and consumer confidence in our products as well as loss of revenue. For example, in 2015, we discovered that the tastes of certain of our products were compromised due to our use of the same product line for the production of two different products. Although we were not subject to any legal claims, regulatory investigations, penalties or sanctions in connection with this incident, we issued an aggregate of RM19,673 worth of refunds to our customers that had lodged complaints with us.

In addition to product liability claims, if our products are found to be contaminated, spoilt or mislabelled, or if our product advertising is found to be mislabelled, we may be subject to regulatory action. If we are found to be in violation of the applicable food safety or food labelling laws in the jurisdictions which we operate, we could be subject to penalties, including monetary fines, and/or the revocation of licenses needed to conduct our business, which could materially and adversely affect our business, financial condition, results of operations and prospects.

5.1.5 We may be affected by pandemics of infectious disease (such as COVID-19) or other health epidemics, natural disasters, terrorist attacks, armed conflicts and other events beyond our control

We may face disruptions to our production and processing facilities due to unforeseen external factors such as health epidemics, pandemics (such as the COVID-19 pandemic), natural disasters, acts of God, fire, flooding, civil commotion, sabotage, economic sanctions against the governments of countries where suppliers are located or where supplies are to be received, industrial action, shortage of water, insufficient electricity supply and other calamities or events beyond our control. This would result in longer lead-time for production and delayed delivery to our customers. Failure to meet our customers' expectations and make deliveries as required by our agreements with customers could damage our reputation and/or expose us to legal claims and may, as a result, lead to loss of business and affect our ability to attract new business. The unforeseen external factors such as fire and flooding could also damage a significant amount of our inventories. In such events, our business, financial condition, results of operations and prospects will be adversely affected.

Our dairy farms and production facilities may be subject to droughts, dust storms, as well as other natural disasters and severe weather conditions. Natural disasters and severe weather conditions may result in disruptions to our operations, which may lead to loss of revenues. Our Mawai Farm had two incidences of flooding in 2019 and 2020, where road access to the farm was consequently hindered for around three days. As the road access was only hindered for no more than three days, these incidents did not have a material adverse impact on our business, financial condition or results of operations. Further, a portion of the pasture area of our Desaru Farm could get heightened water levels for a few days. However, this has not had material impact on the operations of our Desaru Farm as it only affects the pasture area of the farm. Save for our Mawai Farm and our Desaru Farm, none of our farms is located in a flood prone area or frequently affected by flooding during the monsoon season. Similarly, war, terrorist activity or threats thereof, social unrest as well as geopolitical uncertainty and international conflict and tension could affect international or regional economic development, which could in turn materially and adversely affect our business, financial condition, results of operations and prospects. In addition, we may not be adequately prepared in terms of contingency planning or may not have recovery capabilities in place to deal with a major incident or crisis. As a result, our operational continuity may be adversely and materially affected.

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The emergence of the COVID-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. The COVID-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets. Given the uncertainties as to the development of the COVID-19 pandemic, it is difficult to predict how long such conditions will exist and the extent to which we may be affected by such conditions.

The current COVID-19 pandemic or a future outbreak of infectious disease in any country where our operations, customers or suppliers are based, as well as quarantines or other regulatory measures or restrictions taken in response to an outbreak, have and could severely disrupt the supply of raw materials, business operations and distribution networks for our products and increase our operational costs. For example, our carriage inwards cost increased from RM1.2 million in FYE 31 March 2020 to RM6.5 million in FYE 31 March 2021 and by 226.3% from RM1.9 million in FPE 30 September 2020 to

RM6.2 million in FPE 30 September 2021, due to an increase in shipping rates caused by the COVID-19 pandemic. See Section 12.2.2(v) of this Prospectus for more details.

In addition, if the construction of our new production facilities cannot be completed on time due to delays caused by the COVID-19 pandemic, we may be unable to meet the demand of our customers. Ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and lockdowns in certain countries, have and may continue to affect our ability to adequately staff our operations.

The outbreak of COVID-19 has also imposed additional restrictions and obligations on our operations at our production facilities and staff living quarters as we were required to comply with social distancing measures and strict hygiene requirements to contain the COVID-19 outbreak since the First MCO Period with effect from 18 March 2020 to 3 May 2020. We were allowed to continue operating during that time as an "essential service" since we supply and produce milk and other dairy products which are consumed on a regular basis. The Malaysian Government imposed the Second MCO Period with effect from 13 January 2021 to 18 February 2021. Subsequently, the Malaysian Government announced the Third MCO Period with effect from 12 May 2021 to 7 June 2021. Following the increases in the number of new COVID-19 cases, the Malaysian Government implemented the Full MCO Period, a nationwide total lockdown where the first phase begun from 1 June 2021 to 14 June 2021. On 15 June 2021, the Malaysian Government introduced the National Recovery Plan, a four-phase national recovery plan where a different degree of travel restrictions and restriction in the operation of various economic sectors are implemented in each phase of the national recovery plan. For further details on the measures we have implemented to protect the health and safety of our employees, see Section 7.19 of this Prospectus.

The various MCOs implemented by the Malaysian government have impacted our sales through our various distribution channels. See Section 12.2.2(vii) of this Prospectus for the breakdown of our revenue by distribution channel in Malaysia for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021. Notwithstanding that we saw an increase in sales in our large format retailers, convenience stores, stockists and home dealers, the sales under our HORECA channel decreased as hotels, restaurants and cafes were shut during the various lockdowns. The resultant fall in footfall at shopping malls as a result of the various MCOs also impacted the sales of our products carried at supermarkets and convenience stores located in these shopping malls.

In addition, the sales of our stockists and home dealers network and their direct sales of milk products to schools in Malaysia have been and will continue to be affected for as long as schools in Malaysia are closed. See Sections 12.2.2(v) and 12.2.20 of this Prospectus for more details on the impact of the COVID-19 pandemic on our financial condition and results of operations. Although we have not been required to close or temporarily halt our operations at our production facilities as our business was deemed to provide an "essential service", we may be required to do so in the future in the event that any of our employees develop COVID-19, or if the National Recovery Plan or similar restrictions are extended or enhanced in the future.

There can be no assurance that we will not encounter a similar COVID-19 outbreak at our production facilities or staff living quarters. In the event of such an outbreak, we may be required to close the affected production facility, put the affected staff living quarters on strict lockdown, and would only be permitted to reopen them after obtaining approval from the relevant local authority, which may require us to implement certain measures such as disinfecting our premises, quarantining our employees who were exposed to the COVID-19 outbreak and ensuring that our employees are tested for and found not to have been infected by COVID-19. The quarantine period may take up to 10 days as currently prescribed by the relevant local authorities, or longer depending on the requirements imposed by the relevant local authorities at the time. In addition, we may need to hire additional staff to enable us to reopen and operate our production facility or incur additional costs to provide alternative accommodation facilities to segregate our employees in the event of any outbreak at our production facilities or staff living quarters.

Our operations would be disrupted by such closure and these disruptions could be material if they affect several of our production facilities or staff living quarters simultaneously. While some of our employees have tested positive for COVID-19 in the past, we were able to take the necessary precautions, including identifying close contacts in the production facility and testing measures, to ensure the safety of our staff and to facilitate our Company's continued operations. In light of this, we reduced non-essential staff and prescribed our employees to work from home to the extent possible. We also leased an additional accommodation facility to house our employees working in the production facilities. While our operations were not materially impacted by this incident, our ability to meet our customers' orders on time or at all will be significantly disrupted if a more serious outbreak occurs, and we may not be able to ensure that critical systems and operations will be restored in a timely manner or at all. Failure to meet our customers' expectations and make deliveries as required by our agreements with customers could damage our reputation and expose us to legal claims and may, as a result, lead to a loss of business and adversely affect our business, financial condition, results of operations and prospects.

As the COVID-19 pandemic is ongoing as of the LPD and evolving rapidly, there is no assurance that we will not in the future experience more severe disruptions in the event that more stringent quarantine measures are imposed or if the COVID-19 pandemic becomes more severe or protracted due to various reasons including the introduction of new variants. As such, we are uncertain as to the final impact of the COVID-19 pandemic on our business, financial condition, results of operations and prospects. While we have implemented business continuity plans to allow business operations to continue and have taken steps to mitigate the impact of the COVID-19 pandemic (see Section 7.19 of this Prospectus for details), there is no assurance that the COVID-19 pandemic will not worsen, which could in turn cause a deterioration of our business, financial condition, results of operations and prospects.

The actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on our business, financial condition, results of operations and prospects will depend on, among other things, the duration and impact of the COVID-19 outbreak.

5.1.6 Disruption of operations at our dairy farms and production facilities could adversely affect our business

Our ability to effectively plan our operational processes and optimally utilise our production capacities for the various dairy products we manufacture is critical to our success. Damage or disruption to our dairy farms and production facilities can result from the following factors, among others:

- utility supply disruptions, particularly power and water supplies;
- terrorism, strikes or other force majeure events;
- forced closing or suspension of our dairy farms or production facilities;
- inclement weather conditions;
- pollution of underground water resources;
- failure to comply with applicable regulations and quality assurance guidelines;
- interruption of the information technology systems that facilitate the management of our dairy farms and production facilities;

- accidents in the production facilities, including major equipment failures or fires, which may result in suspension of operations, property damage, severe personal injuries or even fatalities; and

- other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

See Section 7.5 of this Prospectus for details on the production capacities and utilisation rates of our processing facilities.

The occurrence of any of the events and factors mentioned above may result in a material disruption to the operations at our dairy farms and production facilities. For example, we are reliant on local utility suppliers and have experienced utility supply disruptions in our Malaysian dairy farms from time to time. In particular, our Muadzam Shah Facility and Larkin Facility have historically experienced disruptions to its electricity supply. We observed an increase in frequency of such power outages at our Muadzam Shah Facility in the last two years with the longest power outage lasting around 14 to 15 hours. There were also at least four occasions of power outages at our Larkin Facility from October 2019 to March 2021, where the duration of the power outage ranged from around 17 hours to 11 days, significantly beyond the average duration of three to four hours. A disruption in the supply of utilities may lead to unscheduled shutdowns of our processing facilities including our production units. As our products are sensitive to temperature change, an unscheduled shutdown or interruption to certain processes in our production such as the chilling process may affect our dairy products even if such interruption were brief. This may result in wastage of raw materials or products due to our products turning bad, loss of man hours, and increased costs incurred due to the disruption of operations.

Notwithstanding that (i) we have a generator set on our Muadzam Shah Facility which had provided back-up power supply during the power outages and we have not experienced an instance where a power outage lasted longer than the capacity of the back-up generators, and (ii) we have two back-up generators on our Larkin Facility which had provided the backup power supply during the power outages, there is no assurance that the back-up generators will always be sufficient to support our operations in the event of all power outages. We are currently constructing a high-tension electricity substation at our Muadzam Shah Facility with a view to minimising future electricity supply disruptions. We obtained Tenaga Nasional Berhad's ("**TNB**") approval for the construction of the substation on 6 August 2020. The substation was surrendered to TNB on 23 November 2020 and accepted by TNB on 23 December 2020, and we expect to complete the installation of the high-tension cable in the first half of 2022. However, there is no assurance that we will not face any issues with electricity supply going forward. Any prolonged or consistent utility supply disruptions may have a material and adverse effect on our business, financial condition, results of operations and prospects.

In addition, we have previously experienced, and continue to experience, disruptions to our water supply as a result of burst water pipes at our Muadzam Shah Facility. These water pipes supply water for our operations and processing facility at our Muadzam Shah Facility. A disruption in the water supply as a result of a burst water pipe would typically lead to unscheduled shutdowns of our processing facility at our Muadzam Shah Facility. As at 30 September 2021, we have invested around RM1.0 million to construct additional water storage capacity to sustain our operations in the event of future disruptions to our water supply at the Muadzam Shah Farm and may also consider investing in drilling additional tube wells to increase our water supply going forward. However, there is no assurance that such additional storage or sources of water supply will be sufficient to support or provide us with all the water supply we need for our operations, especially if our production volumes increase in the future.

In addition, there were two water outages at our Larkin Facility in 2019 and 2020. The water outage in 2019 was due to a change of the water meter by the utility provider, and the water outage in 2020 was due to a drop in the supply of water by the utility provider. For both water outages at our Larkin Facility, water supply was fully restored within 24 hours from when it occurred.

There is no assurance that we will not continue to experience any burst water pipes or issues with our water supply which may result in us incurring losses, costs, loss of man hours and other negative consequences due to disruptions to our water supply.

The power and water outages at our Muadzam Shah Facility and Larkin Facility as disclosed in this Section 5.1.6 did not have a material impact on our business, results of operations or financial condition.

Any failure on our part to take adequate steps to mitigate the likelihood or potential impact of other similar events or factors, or to effectively respond to such events or factors if they occur or materialise, could materially and adversely affect our business, financial condition, results of operations and prospects.

5.1.7 **We may experience land disputes and may not be able to renew our leased lands. Our existing lands may also be subject to compulsory acquisition**

Some of the land on which our farms in Malaysia or properties in Australia are located are leased or tenanted from the relevant government agencies or from private third parties and we would be required to renew such leases or tenancies prior to their expiration. See Annexure B of this Prospectus for more details on these properties.

While we have not encountered any difficulties in renewing our material leases or tenancies, there can be no assurance that we will be able to renew all our material leases or tenancies at commercially reasonable costs or at all, or that we will be able to obtain suitable leases or tenancies at alternative sites. Any such failure to secure renewal or an alternative lease or tenancy could materially and adversely affect our business, financial condition, results of operations and prospects. In addition, our land sites may also be compulsorily acquired by the respective governments of the countries where they are located for, among other reasons, public use or due to public interest. If we are unable to secure renewal of our leases or tenancies or if such land sites are compulsorily acquired, we intend to lease alternative sites and/or relocate to our existing farms.

The relocation cost to an alternative new site would depend on, amongst others, the size and location of the land as well as the availability of existing infrastructures on site to support our business. On the other hand, the estimated relocation cost to an existing farm ranges between RM300,000 to RM500,000 depending on the distance between the existing farm and the affected land. These costs include, among others, demobilisation, relocation and re-installation of moveable farm property such as farm equipment, milking system and tractors, relocation of cattle and relocation of feed, fertiliser, consumables, tools and office equipment. In such event, we may also be required to source and purchase additional raw milk from third party farmers in Malaysia and Australia to meet the shortfall in our production demands, if any, until such time the relocation process completes.

Notwithstanding the above, if we are unable to locate a suitable alternative site in a timely manner and/or should there be any unforeseeable increase in relocation cost in the future, this may force us to incur significant costs in re-locating our operations to the new site/existing farm and our business, financial condition, results of operations and prospects may be materially and adversely affected as a result.

All our farms which are situated on tenanted/leased lands, namely, our Mawai Farm, Desaru Farm, Taiping Farm and part of our Muadzam Shah Farm which comprises an additional 500 acres of land may be the subject matter of land disputes in the future. Such land disputes may arise over a variety of reasons including, amongst others, land ownership or, in the context of our properties in Malaysia, overlapping land usage where an area of land that has been allocated by the government authorities to a party for a specific purpose (such as farming) overlaps other areas that have also been allocated by other government authorities to other parties for other purposes or reserved by the government for a specific purpose only.

Such disputes with government authorities or third parties claiming rights to the affected land may affect our ability to use the land or result in significant diversion of management's time and resources which may lead to a disruption in our operations. Additionally, our failure to perform our obligations under the relevant tenancy or lease agreement(s) and vice versa, may lead to disruptions in our operations if such disputes give rise to a termination of the relevant tenancy/lease agreement(s). If such disruption to our operations is material, our business, financial condition, results of operations and prospects may be materially and adversely affected.

5.1.8 We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies and benefit from incentives and exemptions from government authorities for our business operations

(i) We may be materially and adversely affected if our approvals, licences, permits, incentives and exemptions are revoked, suspended or not renewed

We require and hold certain licences, permits and approvals issued by various government authorities and regulatory agencies and these approvals, licences and permits are essential for the conduct of our business. See Annexure A of this Prospectus for further details of our major licences, permits and approvals including the applicable authorities, expiration dates and status of compliance.

As at the LPD, save for the non-compliance incidents set out in Section 7.17 of this Prospectus, we have obtained all the major licences, permits and approvals which our Group is dependent on for our business operations in Malaysia and Australia. The table below sets out a summary of the non-compliance incidents relating to licences and certificates for our business operations:

Brief description of non-compliances	Estimated time for rectification	Estimated cost to rectify (RM)
We do not possess the following licences for our operation in our Mawai Farm: (a) business premise licence; and (b) water abstraction licence. In FYE 31 March 2021 and FPE 30 September 2021, the raw milk output from our Mawai Farm is about 2.4% and 2.4%, respectively of our Group's total production requirement. There is no material adverse impact to our Group's business operations if we are required to cease our dairy farming operations at our Mawai Farm, as we can relocate our operations to our Muadzam Shah Farm and Desaru Farm and we are able to source and purchase additional	The business premise licence and water abstraction licence are expected to be obtained after our Listing.	8,000

Brief description of non-compliances	Estimated time for rectification	Estimated cost to rectify (RM)
raw milk from third party farmers in Malaysia and Australia to meet the shortfall in production demands, if any.		
We do not possess the business premise licence for our operation in our Taiping Farm. In FYE 31 March 2021, our Taiping Farm did not contribute any raw milk output towards our Group's total production requirement. In FPE 30 September 2021, the raw milk output from our Taiping Farm is about 0.2% of our Group's total production requirement. There is no material adverse impact to our Group's business operations if we are required to cease our dairy farming operations at our Taiping Farm, as we can relocate our operations to our Muadzam Shah Farm. There is no significant impact to our financial condition in view that our Taiping Farm has yet to commence full operations.	The business premise licence is expected to be obtained after our Listing.	5,000

Notwithstanding that (i) we have submitted or are in the process of submitting the applications for such licences, permits and certificates, and (ii) we have not experienced any difficulties renewing or obtaining relevant certification for products, there can be no assurance that we will be able to obtain such licences, permits and certificates in a timely manner, or at all. As at the LPD, the potential penalties applicable is up to about RM0.3 million, which would not have a material adverse impact on our business and financial results. Certain potential penalties are also applicable to our Directors. See Section 7.17 of this Prospectus for further details.

We have also not been subject to any enforcement action in the past with respect to the foregoing. However, there can be no assurance that we will not be subject to enforcement actions by the relevant authorities, including cessation or relocation or monetary penalties. We undertake to update our shareholders on the status of our efforts to obtain the approvals for the abovementioned applications through our quarterly reports.

Generally, the licences, permits and approvals we require and hold are subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the particular legislation and/or regulations governing the issuing authorities. Certain of these licences, permits and approvals need to be renewed on a periodic basis or reassessed by the relevant regulatory authorities. If we are unable to fulfil any new or existing terms or conditions that may be imposed, we may not be able to renew or obtain the approvals, licences and permits required for our operations. Further, regulations of the issuing authorities may become more stringent from time to time and it may be costly for us to comply with the terms and conditions of these licences, permits and approvals.

Should there be any subsequent modifications of, or additions or new terms and conditions to the current compliance standards, we may incur additional costs to comply with the new or modified standards which may adversely affect our profitability. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.

Further, while we have not faced any suspension, withdrawal or termination of relevant licences, permits or approvals material to our business nor have we encountered any issues in renewing or obtaining any of our major licenses, permits and approvals, there can be no assurance that we will be able to renew such licences, permits and approvals in the future or that we will not be subject to suspension, withdrawal or termination of our licences, permits and approvals, despite our best efforts to maintain high standards. Any such failure to secure renewal to obtain or loss of a required licence, permit or approval could adversely affect our business, financial condition, results of operations and prospects.

We have benefited from several tax incentives granted by the Malaysian authorities. For example, we were granted the Agricultural Tax Incentive by the MOA which allows us to claim a 100% tax exemption on statutory income arising from the rearing of our cattle and milk processing activities. We also enjoy a 100% income tax exemption under the East Coast Economic Region Incentive for income earned from dairy milk processing activities. See Section 12.2.2(xi) of this Prospectus for more details.

In 2020, we discovered that there were non-compliance issues with the following conditions of the tax incentives granted to FFMSB by the MOA:

- FFMSB is required to carry out cow farming and milk processing at PTD 2975, DHM 24448, Mukim Ulu Sungai Sedili Besar, Kota Tinggi, Johor (also known as the Mawai Farm). FFMSB breached this condition as FFMSB had never constructed a processing facility at the Mawai Farm;

- FFMSB is required to provide prior notification to the MOA if it intends to make any additional investment including expanding the area to carry out goat or cow farming and milk processing activities ("**Expansion Notification Requirement**"). FFMSB breached this condition as FFMSB made an additional investment in respect of milk processing activity at the Larkin Facility; and

- FFMSB is required to submit a project implementation progress report (laporan kemajuan perlaksanaan projek) ("**Progress Reports**") to the DVS every six months for monitoring purposes commencing from 4 August 2009. FFMSB breached this condition by failing to submit the Progress Reports.

FFMSB had, vide its letter dated 9 October 2020, submitted the outstanding Progress Reports to DVS for the period from July 2009 to March 2020, resolving this non-compliance issue.

As at the LPD:

- the MOF has informed us in its letter dated 26 July 2021 that the Agricultural Tax Incentive remains valid up till the expiry of the tax incentive period in YA 2023;

- based on a resolution with the IRB on 9 September 2021, we have recognised the Additional Tax Liability of RM25,708,582, in respect of our Larkin Facility, as a tax expense in the profit or loss for FYE 31 March 2021. Out of this Additional Tax Liability of RM25,708,582, (i) RM5,870,334 relates to YA 2020, (ii) RM5,139,424 relates to YA 2019, and (iii) RM14,698,824 relates to YA 2014 to YA 2018;

- we have written to the MOF to seek its approval for our Larkin Facility to be included in the scope of the Agricultural Tax Incentive, in line with the Expansion Notification Requirement ("**Approval for Expansion Notification Requirement**"). The MOF has on 9 September 2021 approved our application to include our Larkin Facility in the scope of the Agricultural Tax Incentive starting from YA 2022 onwards. Accordingly, we have provided for a tax payable amount of RM10,490,033 for YA 2021 and have recognised this amount during FYE 31 March 2021; and

- upon a subsequent application to the MOF, we have received approval on 24 December 2021 that the Larkin Facility is approved for a new Tax Incentive under Section 127 (3A) of the Income Tax Act, 1967 ("**Larkin Facility Tax Incentive**"). Under the incentive, we are allowed to claim income tax exemption on the statutory income arising from qualifying projects conducted in the Larkin Facility for 10 (5+5) years commencing from YA 2021. Accordingly, we have reversed the tax payable amount of RM10,490,033 for YA 2021 previously recorded in FYE 31 March 2021.

See Section 12.2.2(xi) of this Prospectus for more details on the impact of the Additional Tax Liability on our financial condition and results of operations.

If we breach any conditions for similar incentives or exemptions, or laws, rules or regulations in the future, we may be subject to fines or penalties arising from such non-compliance incidents, which may have a material adverse effect on our business, results of operations and financial condition. In addition, in the event that the tax incentives that we currently enjoy are revoked, modified or not renewed, either on the same terms or at all, after their respective expiry dates, this may increase our effective tax rate, and negatively impact our net profit margin and financial condition. See Section 12.2.2(xi) of this Prospectus for more details on the expiry dates of the tax incentives.

(ii) **We may be materially and adversely affected if the certifications for any of our products are revoked or not renewed or if we are unable to obtain the relevant certifications for new products**

We are required to obtain certification by government authorities and regulatory agencies before making any claims regarding our products and to sell our products both domestically and for export to other countries.

Certain of these certificates need to be renewed on a periodic basis or reassessed by the relevant regulatory authorities. We may not be able to obtain such renewal if we are unable to fulfil any new or existing regulations, terms and conditions or compliance standards that may be imposed. Further, regulations terms and conditions or compliance standards of the issuing authorities may become more stringent from time to time. We have to consistently monitor and ensure our compliance with such regulations. The certification process is also lengthy.

If we are unable to renew the existing certifications for our products, fail to comply with any such regulations resulting in the revocation of any of the certifications for any of our products or fail to or obtain the relevant certification for new products in time or at all, we may not be able to sell the product to a particular market with the same claims and our business, financial condition, results of operations and prospects may be adversely affected.

(iii) **We face uncertainty in our applications to obtain requisite approvals for the development, construction and occupation of buildings and our properties and use of our properties are also subject to various land use and certification requirements**

In Malaysia, prior to carrying out any development or construction work, we are required to obtain a Planning Permission and Building Plan Approval from the local authority. In addition, any person who occupies, or permits to be occupied, any building or any part thereof is required to obtain a CCC for such occupation. We have carried out development or construction works on some of our farms prior to obtaining the requisite Planning Permission and Building Plan Approval. Certain buildings occupied by us have not been issued with the requisite CCC as the issuance of CCC is preceded by the Planning Permission and Building Plan Approval to be granted by the local authority. The affected farms are our Mawai Farm, Taiping Farm, UPM Farm and Muadzam Shah Farm. Further, we have constructed a warehouse at our Muadzam Shah Facility without first obtaining the Building Plan Approval from the local authority. As at the LPD, the potential penalties applicable is up to around RM1.7 million, which would not have a material adverse impact on our business or financial results. See Section 7.17 of this Prospectus for further details.

In addition, in Malaysia, our properties and the use of our properties are subject to land use and certification requirements. Where the express condition imposed on the land title does not explicitly permit dairy farming, we will require the approval of the land authority for a change in express condition. As at the LPD, the usage of one of our owned farms (being Mawai Farm) is inconsistent with the express condition as set out in the land title. Apart from that, the accommodations provided to our employees at our Mawai Farm have not been certified with a certificate for accommodation. As at the LPD, the potential penalties applicable is up to around RM0.1 million, which would not have a material adverse impact on our business or financial results. See Section 7.17 of this Prospectus for further details.

The following sets out the raw milk output from our farms which are affected by the aforesaid non-compliance incidents:

(a) Mawai Farm: 2.4% and 2.4% of our Group's production requirement for FYE 31 March 2021 and FPE 30 September 2021, respectively;

(b) Muadzam Shah Farm: 7.2% and 9.2% of our Group's production requirement for FYE 31 March 2021 and FPE 30 September 2021, respectively;

(c) UPM Farm: 1.4% and 1.6% of our Group's production requirement for FYE 31 March 2021 and FPE 30 September 2021, respectively; and

(d) Taiping Farm: NIL and 0.2% of our Group's production requirement for FYE 31 March 2021 and FPE 30 September 2021, respectively.

While we have not experienced any imposition of sanctions by the local councils, there can be no assurance that we will not be subject to enforcement actions by the relevant authorities in the future, including cessation or relocation or monetary penalties.

We have made, or undertake to continue to make, the necessary applications to obtain the necessary approval, certification and/or permission in accordance with the directions of the relevant local authorities. See Section 7.17 of this Prospectus for details on when we expect to obtain such approvals, certifications and/or permissions. We undertake to update our shareholders on the status of our efforts to obtain the abovementioned approvals, certifications and/or permissions through our quarterly reports.

5.1.9 Some of our leases are not registered under the National Land Code

We have sub-leased a piece of land held under HSD 5570, PT 11701, in Mukim Bebar, Daerah Pekan, Pahang ("**PT 11701**") from the Pahang State Development Corporation for a period of 30 years from 1 January 2021 for the purposes of development of fodder and beef cattle farm. We intend to use PT 11701 to cultivate fodder and rear cattle. See Annexure B of this Prospectus for further details of the said sub-lease. Under the terms of the said sub-lease, the sub-lease shall be registered within 3 years from 16 August 2021, by 15 August 2024. As at the LPD, we are discussing with the Pahang State Development Corporation to kick start the preparation of documents for the registration of sub-lease with the objective to expedite the registration of sub-lease.

In order to safeguard our legal interest as sub-lessee (in addition to our contractual rights vis-à-vis the main lessee), we will register the said sub-lease under Section 222(4) of the National Land Code as any sub-lease that is above three years is required to be registered under the National Land Code. Failure to register a sub-lease under the National Land Code will not result in any penalty being imposed. In addition, there is no timeline prescribed under the National Land Code to register a sub-lease. In the event our sub-lease for PT 11701 is not registered, we will not be able to enjoy the rights accorded to a sub-lessee under the National Land Code such as subsequent dealings in the land being subject to our sub-lease.

Separately, we have leased from BDSB a part of the land held under HSD 32179, PTD 1721 and HSD 32180, PTD 1722, both in Mukim Sedili Kechil, Kota Tinggi, Johor (in total 325 acres) ("**Demised Premises**") for a period of 30 years, which is used for our Desaru Farm's operation. See Annexure B of this Prospectus for further details of the said lease.

As at the LPD, BDSB is in the midst of applying to the relevant authority to register a lease over the Demised Premises in favour of Holstein Dairy (Desaru) for a period of 30 years. Failure to register a lease under the National Land Code will not result in any penalty being imposed. In addition, there is no timeline prescribed under the National Land Code to register a lease.

5.1.10 We may be affected by the actions of our customers and suppliers

(i) Certain customers have historically contributed to a significant proportion of our revenues and an inability to maintain such business may have an adverse effect on our results of operations

For FPE 30 September 2021, sales of our products through our distribution channels in Malaysia, namely: (i) large format retailers, (ii) stockists and home dealers, (iii) the HORECA market, (iv) export markets and (v) convenience stores represented 46.5%, 30.5%, 16.0%, 4.2% and 2.8%, respectively, of our revenue. Our agreements with our customers are mostly evergreen but may be terminated in the event of a material breach of the contractual terms and without cause on relatively short notice varying between 30 days to 90 days. Our business with our large format retailers is dependent on a number of factors including our continuing relationship with such customers, the quality of our products and our ability to deliver on their orders. We cannot assure you that such customers will continue to do business with us in the future on commercially acceptable terms or at all.

While revenues from any particular customer may vary between financial reporting periods depending on the nature and term of ongoing contracts, historically certain of our key retailers have contributed a significant proportion of our revenues. For FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, sales to our top five customers each year, represented 37.0%, 35.1%, 31.5% and 31.9%, respectively, of our total revenue in such periods, while contributions by Lotuss Stores (Malaysia) Sdn Bhd (formerly known as Tesco Stores (Malaysia) Sdn Bhd), which was our largest customer, represented 11.9%, 10.8%, 12.3% and 13.2%, respectively, of our total revenue in such periods. Significant dependence on certain of these modern retailers may increase the potential volatility of our results of operations and exposure to individual contract risks. In the event there is a material delay, cancellation, reduction and/or cessation of orders, and/or claims for whatever reason by any of these customers or other customers and we are unable to obtain substitute orders of a comparable size, our results of operations and financial condition may be adversely affected.

(ii) **We are exposed to the risk of delays, reductions and cancellations of supplies from our suppliers in general**

Purchases from our top five suppliers accounted for 38.7%, 38.3%, 60.6% and 46.3% of our total purchases for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. See Section 7.8.2 of this Prospectus for more information on our major suppliers.

Further, we depend upon certain of our suppliers and vendors to provide the necessary equipment and services that we need for our continuing operations and maintenance of certain plant and machinery. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honour the contracts for their services. Our inability to continue to obtain equipment and enter into contracts with our vendors in a timely manner, or at all, could adversely affect our business, financial condition, results of operations and prospects.

(iii) **We are dependent on Tetra Pak (M) for certain of our packaging materials**

Since FYE 31 March 2020, Tetra Pak (M), has been our main supplier of production equipment and product packaging materials. Purchases of packaging materials from Tetra Pak (M) accounted for 5.5%, 9.2% and 5.1% of our total purchases for the FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively.

We have entered into a long-term supply agreement with Tetra Pak (M) for the supply of packaging materials and equipment to support our production needs. In particular, the packaging for our 200 ml UHT/ambient products is sourced solely from Tetra Pak (M), while the packaging for our 1 litre UHT/ambient products is sourced predominantly from Tetra Pak (M). Until such time as we cease our purchasing from Tetra Pak (M), we are dependent on Tetra Pak (M) for the packaging for our 200 ml UHT/ambient products. See Section 7.8.2 of this Prospectus for more details.

If Tetra Pak (M) ceases to supply us with the requisite packaging for commercial reasons or because of an adverse event in their own businesses and we are not able to source an alternative source of packaging, either in a timely manner, on commercially acceptable terms or at all, our business, results of operations and financial condition may be adversely affected.

(iv) **We are exposed to the credit risks of our customers**

While our normal credit term to our customers ranges from 14 to 75 days from the invoice date or month-end date, we may extend or vary it on a case-by-case basis depending on, among others, the creditworthiness of the customer and the length of the customer relationship. Our trade receivables turnover days for FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021 were 57 days, 58 days, 52 days and 56 days, respectively.

Our customers may be unable to meet their contractual payment obligations to us, either in a timely manner or at all. In addition, our customers may cancel their orders. The reasons for payment delays, cancellations or default by our customers may include, amongst others, insolvency, bankruptcy, or insufficient financing or working capital due to late payments by their respective end customers. We may not be able to enforce our contractual rights to receive payment through legal proceedings. While we have not in the past experienced any significant credit issues with our key customers, there is no assurance that our trade receivables can be collected fully or within a reasonable period of time and failure to do so could adversely affect our cash flow and financial performance. We also receive payments upfront in cash from some of our customers. If we are not able to collect payments from our customers, our business, results of operations, financial condition and prospects may be adversely affected.

5.1.11 **Our profitability may be affected by fluctuations in raw material prices or shortages in raw materials**

The nature of our operations requires us to obtain sufficient quantities of raw materials in a timely manner and at acceptable prices in order to continue our operations and meet the demands of our customers. As a result, our business, financial condition and results of operations are vulnerable to changes in the price and supply of raw materials.

The primary raw materials used in our operations are raw milk, animal feed, and ingredients we use in the manufacture of our products and packaging materials. Our cost of raw materials accounted for 75.5%, 77.2%, 74.9% and 70.0% of our total cost of sales in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. Raw milk constituted the substantial majority of the raw materials that we require for the production of our products, accounting for 51.4%, 50.9%, 48.5% and 44.7% of our total cost of raw materials in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. Although we use internally-sourced raw milk for our operations, we also purchase a majority of the raw milk we require for our operations from third parties in Australia and Malaysia. In FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, we purchased 73.7%, 82.1%, 87.4% and 85.7%, respectively, of our milk from external parties. See Section 7.10 of this Prospectus for more details. The market prices of our raw materials may fluctuate due to, among other reasons, global price fluctuations in raw materials, global freight or shipping issues such as delays, weather conditions, global and regional economic conditions (such as the ongoing COVID-19 pandemic) and negotiations with our suppliers. Our feed costs may be affected as a result of global price fluctuations of certain commodities such as alfalfa and maize. While we have historically been able to pass fluctuations in costs to customers, there can be no assurance that we will be able to continue doing so in the future either on a timely basis or at all. If we are unable to pass on cost increases to customers and we are unsuccessful in alternatively managing our exposure to the effects of raw material price fluctuations, our business, financial condition, results of operations and prospects could be adversely affected.

Disruptions to the operations of our suppliers due to, among others, the ongoing COVID-19 pandemic, could limit our ability to obtain sufficient quantities of raw materials of an acceptable or comparable quality, or at an acceptable price.

As we do not have long-term contracts with the majority of our suppliers, there is no assurance that we will not face shortages of raw materials to meet our production requirements in the future. Although we have not encountered any shortage of raw materials in the past, any sudden shortage of supply or reduction of allocation of raw materials to us from our suppliers, or any increase in raw material prices may result in us having to pay a higher cost for these raw materials which may adversely affect our financial condition and results of operations. In particular, the ongoing COVID-19 pandemic has and is likely to result in increased freight interruptions which may impair our ability to obtain our raw materials. If we are unable to find a comparable source of supply at similar rates and quality or pass on increases in the costs of such raw materials to our customers on a timely basis, the profit margins for our products may be adversely affected.

5.1.12 Exchange rate fluctuations and any weakening of the RM may increase our costs, which could materially affect our results of operations and financial condition

We are exposed to risks related to exchange rate fluctuations, particularly with respect to the AUD and USD. Excluding purchases in AUD by our Australian subsidiaries, our operating expenses are denominated mainly in RM. 76%, 15% and 7% of our total purchases for FPE 30 September 2021 are denominated in RM, AUD and USD, respectively, and our sales are primarily denominated in RM. To the extent that our sales, purchases and operating expenses are not naturally matched in the same currency and there are timing differences between invoicing and collections/payment, we will be exposed to any adverse fluctuations of USD against RM. Our sales are also affected by fluctuations in the AUD given our operations in Australia, and any adverse fluctuations of the AUD against the RM would similarly affect us.

We have entered into hedging transactions to manage our exposure to foreign currency risk. We currently hedge 50% of our fresh milk purchase from Australia using forward contracts. However, hedging transactions may not completely insulate us from risks associated with exchange rate fluctuations. Hedging also typically involves costs, including transaction costs which may reduce overall profits.

Notwithstanding that there has not been any material impact to our financial condition arising from adverse foreign exchange fluctuations in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, any future adverse change in exchange rates that we are not protected from, including by our hedging strategy, could have a material adverse effect on our business, financial condition, results of operations and prospects.

5.1.13 Our business operations may be adversely affected by the outbreak of any major diseases in our dairy farms

Major outbreaks of illness or disease on any of these premises could have a material adverse impact on our dairy farm operations, in particular on milk production capacity, quality and volume. Although we have not experienced a major outbreak of illness or disease in any of our dairy farms and while we periodically vaccinate our dairy cows as required, we cannot assure you that any outbreak of illness or disease will not occur at our dairy farms in the future. The source of diseases may include contamination from our employees, our feed supplies, visitors to our farms, contaminated water and pathogens transmitted through the air. Any major outbreak of illness or diseases at any of our dairy farms may lead to a significant decline in our milk production or a significant reduction in herd size. We may also be required to suspend our business operations temporarily during any major outbreaks and examine all our cows, and may not receive any government compensation in relation to any such suspension nor loss of revenue. In the event of any outbreak, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, the dairy industry is generally sensitive to consumers' perception of the safety and quality of dairy products. Any major outbreak of illness or diseases among cows or other safety concerns regarding the dairy products generally could lead to a significant loss of consumer confidence in, and demand for, dairy products.

Adverse publicity about such concerns, whether valid or not, may discourage consumers from purchasing dairy products. Therefore, any outbreak among dairy cows in Malaysia, Australia or elsewhere could negatively affect our business, financial condition, results of operations and prospects.

5.1.14 We may not be able to successfully implement our strategies to grow our business, which may limit our growth prospects

(i) **Our growth strategy subjects us to various risks and challenges**

Our growth strategy involves investing in new facilities to expand our production and processing capacities and expanding our distribution channels and markets. See Section 7.3 of this Prospectus for details on our future plans and strategies. However, as the prospects of these initiatives are uncertain, there can be no assurance that we will be able to successfully execute our business strategies or that these business strategies will not prove more difficult or costly than we had originally anticipated. In addition, in conducting due diligence in connection with a potential acquisition of interests in existing businesses, we rely on resources available to us, including information provided by the target business. However, there can be no assurance that our due diligence would necessarily reveal all facts that may be relevant to our evaluation of such an opportunity.

Our strategic initiatives may expose us to a number of risks and challenges, including the following:

- new and expanded businesses and business activities may require higher capital expenditures and operating costs than initially planned or anticipated. For example, the expansion of our production and processing capacities may require higher operating or overhead costs than initially planned or anticipated, without a corresponding growth in sales;

- new and expanded businesses and business activities may result in lower growth or profit than we anticipate, with no assurance that these business activities will become profitable at the level that we anticipate or at all. For example, the fruit jam business that we acquired as part of our acquisition of Henry Jones Foods' products' assets and jam business generated lower profits than we anticipated. Our Directors have decided to rationalise the existing business of Henry Jones Foods which would involve, among others, downsizing the fruit jam business;

- new and expanded distribution channels and markets may require and be subject to various governmental and regulatory approvals, consents, reports and filings, which we may not be able to obtain or complete in a timely manner or at all;

- new and expanded businesses may require devotion of substantial amount of time by our management and may divert our management's attention and resources from our existing operations and business;

- we may fail to identify and enter into new business opportunities in a timely manner, placing us at a disadvantage compared to our competitors, particularly in overseas markets;

- we may need to hire or retrain greater numbers of skilled and qualified personnel than we had anticipated in order to supervise and undertake new and expanded business activities. We may not be able to hire or retrain sufficient personnel at reasonable costs or at all. See Section 5.2.3 for further details. Further, in the event of a delay in the commencement of operations of our new facilities, our financial condition may be impacted due to a delay in the recognition of the intended additional revenue, as the corresponding labour costs are incurred; and

- as we continue to gain market share through the expansion of our business operations and distribution network, we may be in a dominant position in the market and may become subject to investigations by the Malaysia Competition Commission for anti-competitive practices such as abuse of dominant position. The Malaysia Competition Commission may investigate us if they receive a complaint or have reason to suspect that we are engaged in anti-competitive practices, and they have the power to make any directions or decisions which we must comply with.

Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and prospects. Further, although we have achieved relatively fast rates of revenue growth in the last three financial years, past performance is not necessarily indicative of results to be expected for any future period, and the foregoing and other factors discussed in this Prospectus (including without limitation the COVID-19 pandemic) can materially and adversely affect our future results of operations.

(ii) **If our production capacity does not keep pace with the demand of our customers, our competitive position, financial conditions and results of operations may be adversely affected**

A key element of our growth strategy is increasing our market share for our various product offerings, which will require us to increase our production capacity in line with any increase in their demand for our products. As we generally operate the production lines at our processing facilities based on an effective production capacity after taking into consideration, among other reasons, planned downtime for CIP and replenishment of packaging materials (required for our filling and packaging lines) and scheduled maintenance, we may not be able to expand our capacity quickly enough to service the growing demands of our customers, which could lead to a loss of business opportunities or decreased customer satisfaction.

Further, we may be unable to obtain sufficient quantities of raw materials of an acceptable or comparable quality, or at an acceptable price, to meet our production and expansion requirements. We may also be unable to obtain sufficient financing to pursue and implement our growth and expansion strategies in a timely manner or on terms and conditions acceptable to us or at all.

If we are unable to grow and expand as quickly as anticipated, we may be placed at a disadvantage as compared to our competitors and our business, financial condition, results of operations and prospects may be adversely affected.

5.1.15 We are subject to risks associated with technological changes, advancements in materials technology and cybersecurity

Our business is susceptible to changes in technology. With the advancement of technology and continual research and development in the breeding and production process for the dairy industry, new production techniques for breeding cows and for our products may be developed. There is no assurance that potential competitors may not in the future adopt newer and cheaper alternatives to replace the raw materials used in the production of our products. This may result in lower production costs per unit. While we have increased our investment in research and development, if we are unable to adapt our production processes with newer and more efficient production techniques against other dairy companies, we may lose our market share and our business, financial condition, results of operations and prospects may be adversely affected. See Section 12.2.5(iv) of this Prospectus for details on our research and development expenses.

In addition, the use of the internet and technology exposes us to cybersecurity risks. Some of the threats related to these risks are phishing/social engineering, data breach and malware attack. In addition to intentional cyber events, unintentional cyber events can occur, which may include the inadvertent release of confidential information, the mishandling or misuse of information and technological limitations or hardware failures in the information technology systems that we use.

Breaches of our cybersecurity measures could result in unauthorised access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial of service or other interruption to our business operations. Our competitors may also acquire confidential information about our current and future products and plans through such cybersecurity breaches or leaks.

In addition, we store our customers' personal information and data electronically. A breach of our cybersecurity measures or any accidental loss, inadvertent disclosure or unapproved dissemination of confidential customer data could expose us, our customers or the individuals affected to a risk of loss or misuse of this information or cause interruptions in our operations. Further, the unauthorised disclosure of confidential customer data, whether intentional or unintentional, could render us liable to our customers for damages, damage our reputation and cause us to lose customers.

Any cyber event could cause our Group to incur financial loss and expense as well as face exposure to legal claims, reputational damage and additional costs associated with corrective measures, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

5.1.16 Our insurance coverage may be inadequate

Our insurance coverage may not adequately protect us from the key risks associated with our business. Our Group maintains various insurance policies covering, amongst others, goods-in-transit insurance, public liability insurance for any accidental injuries suffered by a third party on our properties, and any consequential losses. We also insure our principal assets (save for our biological assets) against risk of physical loss or damage caused by accident, fire, civil disorder and/or natural disasters. As at the LPD, our various insurance policies provide us with coverage of up to about RM960 million in aggregate. As at 30 September 2021, our total assets were about RM690 million. All our insurance policies are subject to exclusions and limitations of liability with respect to amounts and the insured events. See Section 7.14 of this Prospectus for further information on our insurance policies. However, there is no assurance that we will be able to continue to maintain our existing insurance coverage or obtain insurance policies on economically viable terms or acceptable premiums.

During the course of our operations, we may face various claims and disputes against liabilities that are not insured adequately, or at all, or liabilities that cannot be insured. For example, we will not able to claim for any losses relating to or damages to our biological assets as we do not have insurance coverage for our biological assets. While we have successfully made claims under our insurance policies in the past, there can be no assurance that our existing insurance policies will be sufficient to cover all of our potential losses or risks associated with our business and operations. In March 2018, there was a fire incident caused by electrical failure at our Muadzam Shah site which affected our general store, from which we suffered estimated losses of about

RM300,000. In June 2021, there was another fire incident caused by electrical failure at our Taiping Farm, from which we suffered estimated losses of around RM190,800. While we received compensation for these incidents and have successfully made claims under our insurance policies in the past, there can be no assurance that we will be able to successfully claim for the full amount of the losses suffered or receive the full amount of our claim from the insurer or that our existing insurance policies will be sufficient to cover all of our potential losses or risks associated with our business and operations.

To the extent that we suffer losses or damages as a result of a risk for which we do not maintain insurance or which is not covered by our insurance policies or where the cost of the losses or damages exceeds our insurance coverage, we will have to bear such costs which could have a material adverse effect on our business, financial condition and results of operations.

5.1.17 Exchange controls and policies may materially and adversely affect us

In Malaysia, under Notice 7 of the Foreign Exchange Notices issued by BNM, resident exporters can retain any PEG in a Trade Foreign Currency Account maintained with a Licensed Onshore Bank or convert the PEG to RM according to its foreign currencies and ringgit cash flow needs.

However, there can be no assurance that the government or central bank in the countries where we operate will not impose more restrictive or other foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to increased exposure of the economy to potential risks and vulnerability of developments in the international markets. This may adversely affect our business, financial condition and results of operations, the value of our Shares and the ability of our shareholders to liquidate our Shares.

Central banks in the countries where we operate may intervene in the currency exchange markets in furtherance of their policies, either by selling local currency or by using its foreign currency reserves to purchase local currency. There can be no assurance that the currencies will not be subject to depreciation and continued volatility, or that the government will take additional action to stabilise, maintain or increase the value of the respective currencies, or that any of these actions, if taken, will be successful.

Changes to the current exchange rate policies by any of the countries where we operate could result in liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategies. Any of these consequences could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We expect to use RM60.0 million of the gross proceeds from our Listing for the expansion of our production facility in Australia, and RM40.0 million of the gross proceeds from our Listing for regional expansion outside of Malaysia within 18 months and 24 months, respectively, from the date of our Listing as set out in Section 4.6.1 of this Prospectus. We do not expect that our remittance of the proceeds from our Listing towards investment activities outside of Malaysia presents a risk that we would have to seek BNM's prior approval as the deployment of the proceeds are expected to be less than RM50.0 million a calendar year. However, there can be no guarantee that we will always be able to obtain BNM's approval for overseas remittance as we expand, due to the funding requirements of our overseas investments and where such investments abroad are for amounts exceeding the prescribed amounts set out under BNM's Foreign Exchange Notices in place at the material time necessitating BNM's approval. If such approval is not obtained in a timely manner, or at all, or on conditions that are prohibitively costly for us to comply with, our business, financial condition, results of operations and prospects could be materially and adversely affected.

5.1.18 Our success depends on our Executive Director and key senior management team and our ability to attract and retain talented personnel

We believe that our future success is heavily dependent upon the continued service of our Executive Director and key senior management team who have valuable experience in the business and industry in which we operate, and an important depth of understanding of the demands of our business, industry and our customers' needs. See Sections 9.1 and 9.3 of this Prospectus for further information on our Executive Director and key senior management.

While we believe we offer attractive terms of employment, there can be no assurance that we will retain our Executive Director and key senior management or any other key personnel or that we will be able to attract, train or retain qualified personnel in the future. The loss of services of one or more of our Executive Director or key senior management may adversely affect the execution and implementation of our business strategies, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

5.1.19 We are controlled by our Substantial Shareholders whose interests may not always align with our other shareholders

Immediately following the completion of our IPO, our substantial shareholders will own in aggregate 60% of our enlarged issued Shares assuming the Over-allotment Option is not exercised. The interests of our Substantial Shareholders may differ from our interest or the interests of our other shareholders and our Substantial Shareholders may be able to exercise significant influence over the vote of our Shares, including voting on director appointments and consequently, may be able to influence the composition of our Board. Our Substantial Shareholders could also have significant influence in determining the outcome of any corporate transaction or other matters submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions to the extent that they are not required to abstain from voting (and procuring persons connected to them to abstain from voting) in respect of such transactions and corporate actions. There can be no assurance that the interests of our Substantial Shareholders will be aligned with those of our other shareholders.

5.2 RISKS RELATING TO OUR INDUSTRY

5.2.1 The dairy industry, especially the downstream business, is highly competitive. We might lose our market share or may not be able to maintain our pricing

The dairy industry is highly competitive, especially the markets for liquid dairy products, which are experiencing rapid development and increasing competition. According to Frost & Sullivan, we are Malaysia's largest integrated producer of dairy products made from fresh raw milk. We are also the second-largest player in the RTD milk category (market share of 18%) and the third-largest player in the yoghurt category (market share of 11%) in Malaysia for the first nine months of 2021. See Section 8 of this Prospectus for more details. We compete with large multinational companies particularly with respect to milk powder products, as well as regional and local companies in each of the regions in which we operate. In addition, in most product categories, we compete not only with other widely advertised branded products, but also with private labels, store and economy brand products that are generally sold at lower prices. Many of our competitors have been in this business longer than we have, and/or may have substantially greater financial and other resources than we have and may be better established with more solid brand recognition in the business than we have.

Our competitors in certain regional markets may also benefit from raw material sources or production facilities that are closer to the markets for the downstream products or may benefit from their attempt in integrating upstream and downstream production processes, which provides them with competitive advantages in terms of costs and proximity to consumers. Some of our competitors have used, and we expect them to continue to use, greater amounts of incentives and subsidies for distributors and retailers and more advanced processes and technologies.

In addition, other players in the industry may also engage in integration within the value chain and other strategic initiatives that could enhance or expand their current operations or products or that might otherwise offer them with growth opportunities. Such strategic moves may lead to a more competitive environment.

The above advantages of our competitors might put us in the position to invest a significant amount of expenditure on quality control, product distribution, marketing and promotion in order to secure our market share and establish our brand name. Our failure to introduce products that differentiate us from our competitors might result in the loss of our market share. In addition, our competitors' significant increase in their advertising expenditures and promotional activities might lead us to engage in irrational or predatory price reductions, which could dilute our margins and materially and adversely affect our business, financial condition and results of operations. See Section 8 of this Prospectus for details of our competitors and the barriers to entry in our industry.

5.2.2 We may face demand decline due to changes in consumer preferences, which may materially and adversely affect our operating results

Our success depends on our ability to anticipate, identify, interpret and respond to the evolving tastes, dietary and nutritional needs of consumers and offer products that appeal to them. Sales of our products could be affected by nutritional and health-related concerns, such as fat, cholesterol, calorie, sodium, lactose, fructose, bacteria and other ingredients contained in our products. Consumer trends in the dairy industry change from time to time and our failure to anticipate, identify, interpret and respond to these changes, or our failure to generate consumer acceptance or recognition of our new products, could lead to, amongst others, reduced demand for and/or price reductions of our products, which in turn could materially and adversely affect business, financial condition, results of operations and prospects.

Even if we do correctly anticipate, identify, interpret and respond to these changes by offering new products, we cannot assure you that we will be able to successfully compete in these new product lines, that demand for these new products will grow to the extent that we expect, or that these new product lines and products will provide the returns that we expect. If we are unable to respond to rapid changes in consumer preferences in a timely manner, or at all, or if our competitors are able to address these concerns more effectively or efficiently, our business, financial condition, results of operations and prospects could be materially and adversely affected.

5.2.3 Rising operational and expansion costs could materially and adversely affect our business, financial condition, results of operations and prospects

A significant increase in labour costs, including costs for compliance with new labour policies, could have a material adverse effect on our business. In addition, our transportation and logistics costs have been increasing, from RM9.6 million in FYE 31 March 2019 to RM24.5 million in FYE 31 March 2021. In FPE 30 September 2021, our transportation and logistics costs totalled RM11.6 million. There can be no assurance that rising labour, utilities and logistics costs could not have an increasingly adverse impact upon our operational costs and materially and adversely affect our business, financial condition, results of operations and prospects.

Further, expanding our dairy farms and processing facilities requires construction lead time and significant investment. Our managerial, operational and financial resources may be strained in the execution of our plans for expansion. We may need to integrate additional operations for the manufacturing of different product lines, and our management may also find it challenging to procure and allocate sufficient resources to support our expansion, including raw materials, adequate production, warehousing and transportation infrastructure, and increased distribution and marketing channels, for which we may need to obtain third-party financing. In addition, expanding our farming and processing capacities may also require the corresponding expansion of our distribution network. We cannot assure you that our personnel, systems, procedures and control measures will be adequate to support our future growth, or that we will be able to find adequate third-party financing in a timely manner and on acceptable terms, or at all. Delays in any expansion plans for our operations could result in loss of revenue, increase in financing costs or restraint on working capital which could adversely affect our cash flow, business, financial condition, results of operations and prospects.

5.2.4 We depend on timely access to supplies and equipment and on a reliable transportation and transmission infrastructure

We depend on reliable transportation and transmission infrastructure for the transmission of power and for transport of the substantial amounts of raw materials, fuel, water and other supplies and equipment needed to carry out our business operations. Our access to transmission and transportation infrastructure could be interrupted as a result of, among other things, political events that affect supplier relations or supply infrastructure, insufficient transportation infrastructure and other problems in transporting sufficient quantities of these supplies to our facilities, adverse weather conditions and act(s) of God, sabotage, acts of terrorism, government restrictions, economic sanctions against the governments of countries where suppliers are located or where supplies are to be received, industrial action, regional hostilities, adverse weather conditions and other hazards and force majeure events.

5.2.5 We may face allegations of forced or unethical labour practices

We may from time to time face allegations of forced or unethical labour practices, even if the basis for such allegations are not valid. Any allegations of forced or unethical labour practices may negatively affect our customers' willingness to trade with us or may lead to negative publicity. Governments in other countries may also restrict or ban the import of our products due to such allegations or negative publicity, which may adversely affect our business, financial condition, results of operations and prospects. We have also been subject to the occasional audit by large multinational retailers. While none of such large multinational retailers has opined that our current labour practices are not aligned with global practices, there can be no assurance that such opinions will not arise. Further, while there have been no negative complaints from workers themselves, we cannot confirm that no such complaints will arise and which may have a negative impact on our business.

5.2.6 We may be affected by negative publicity

Our industry has from time to time been the subject of negative publicity. Negative publicity associated with our Group, any of our officers or employees or the dairy industry in general may affect the market perception of our Group and have an adverse effect on our business, results of operations, financial condition and prospects. Examples of these include publication of industry findings, research reports or health concerns in relation to labour practices and ESG standards in the dairy industry in Malaysia, our products or the products of our competitors.

The publication of reports asserting or alleging lower ESG standards by us and our competitors in Malaysia may negatively impact the reputation of our Group and the industry as a whole. These concerns could cause governments in other countries to impose bans on the import of our products or cause our customers to avoid purchasing certain products from us, or seek alternative sources of supply for their needs, even if the basis for the concern is not valid or outside of our control.

In addition, reports in publications and journals may have a negative effect on our image. The publication of reports asserting or alleging that milk or other dairy products in general (even if not sold by us) may cause allergies or adverse reactions may have a negative effect on our sales regardless of whether such reports are substantiated scientifically or whether the harmful effects are restricted to the products sold by other companies. We could be adversely affected if customers lose confidence in the safety and quality of our products.

Any product contamination involving our competitors could also impact the reputation of the industry as a whole and have a negative effect on our business. See also Sections 5.1.1 and 5.1.4 on the reputational risk associated with actual or perceived product contamination.

Further, any complaints or product liability claims by customers may also affect public perception of our products. If we are required to compensate our customers as a result of such complaints or claims, our corporate image, business, financial condition, results of operations and prospects may be adversely affected.

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5.3 RISKS RELATING TO THE COUNTRIES WHERE WE OPERATE

5.3.1 We are subject to the laws, regulations, policies and political and social environments and other risks generally associated with business operations in the countries where we operate and export to which are or may become more onerous

We engage in business activities in Malaysia and Australia with 87.0%, 86.7%, 85.6% and 84.6% of our revenue being derived from our operations in Malaysia in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. As such, our business is and will continue to be subject to the risks generally associated with business operations in Malaysia and Australia, the markets in which we operate in and export to, and the new markets we intend to expand to (such as Hong Kong, Indonesia and the Philippines), including:

(i) governmental regulations (including as a response to outbreaks of pandemics) applicable to our industry;

(ii) changes in social, political and economic conditions;

(iii) transportation and freight delays;

(iv) power and utility shutdowns or shortages;

(v) limitations on foreign investment;

(vi) restriction on imports and exports (including import-export tariffs, duties and quotas);

(vii) changes in local labour conditions;

(viii) changes in tax and other laws and regulations such as, among others, the reintroduction of GST;

(ix) expropriation and nationalism of our assets in a particular jurisdiction; and

(x) restrictions on repatriation of dividends or profits or other capital transfers or movements.

In addition, as we are subject to the laws, regulations, policies and the political and social environment of the countries where we operate, particularly in Malaysia and Australia, we are exposed to the risk of enforcement actions and investigations due to non-compliance with such relevant laws, regulations and policies. Such laws, regulations and policies include those relating to:

(i) production safety, health and supervision;

(ii) environmental protection;

(iii) direct and indirect taxes;

(iv) subsidies;

(v) exchange controls and controls on the transfer of funds;

(vi) constraints on price increases of our products, such as through anti-profiteering laws;

(vii) intellectual property protection;

(viii) labour protection and human rights compliance;

(ix) anti-competition laws;

(x) anti-corruption laws;

(xi) anti-money laundering laws; and

(xii) privacy and data protection.

In addition, we are subject to the risk that regulatory authorities may, from time to time, impose standards and requirements, which could be more stringent or onerous than those which currently apply to us. We may also be subject to legal, regulatory, political and policy changes which we may not be able to anticipate. Our business, financial condition, results of operations and prospects could be adversely affected by any of the foregoing factors.

5.3.2 **Our Group's business and results of operations is exposed to political, economic and social conditions in the countries where we operate or sell our products to or purchase our raw materials**

Our business, prospects, financial condition, results of operations and prospects may be adversely affected by political and social developments in the countries where we operate, sell our products to or purchase our raw materials from.

Such political and social uncertainties are often beyond our control and include, but are not limited to, changes in political leadership, internal conflict, nationalisation, expropriation, price and capital controls, sudden restrictive changes to government policies, import controls, introduction of new taxes on goods and services, introduction of new laws, as well as demonstrations, riots, coups and war, unemployment trends and other matters that influence continued and stable business operations and consumer confidence and spending.

We have in the past experienced in Malaysia incidents of political and ethnic disturbances. There is no assurance that civil disturbances and political instability will not occur in the future. If these were to occur, such disturbances could lead to further political and economic instability as well as loss of confidence in investment in those countries and materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, government intervention and significant changes in policies in Malaysia including inflation, wage and price controls, capital controls, interest rates controls and limitations on imports or exports, may adversely affect our business, financial condition, results of operations and/or prospects. Economic slow-downs and global market fluctuations may also have a material adverse effect on global economic conditions and investment sentiments. Such developments could adversely affect our business, lead to reduction in demand for our products and adversely affect our business, financial condition, results of operations and prospects.

5.3.3 **We conduct our operations in Malaysia, which may be more vulnerable to liquidity and credit risks and may be adversely affected by market downturns and economic slowdown**

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries within the emerging markets such as Malaysia, where we operate, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by the level of investor confidence in such markets as a whole and as such any factors that impact market confidence including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets.

There can be no assurance that there will be continued funding for our entities within these markets or that such lack of funding will not directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Since the global economic crisis in 2008, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside of countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies could dampen foreign investment in and adversely affect the economies of these countries. Investments in emerging markets in which we are present and do business, may therefore be subject to greater risks than in more developed markets, including in some cases significant legal, fiscal, economic and political risks.

5.3.4 Labour laws in the countries where we operate may affect our business, financial condition, results of operations and prospects

As at the LPD, we have 764 employees (including contract workers) on our payroll. See Section 7.20 of this Prospectus for more details on our employees.

We are subject to a number of stringent labour laws that protect the interests of workers, including, amongst others, legislation that sets forth matters relating to employee removal and legislation that imposes financial obligations on employers upon retrenchment. If labour laws become more stringent or are more strictly enforced, it may become more difficult for us to maintain flexible human resource policies, discharge employees or downsize. See also Section 5.2.5 of this Prospectus on potential allegations about unethical labour practices.

In addition, labour unrest and activism in Malaysia could disrupt our operations and financial condition, depress the stock prices of companies and the value of RM relative to other currencies. Further, any national or regional inflation of wages will directly and indirectly increase operating costs and thus lead to a decrease in our profit margin. Such events could materially and adversely affect our business, financial condition, results of operations and prospects.

5.3.5 Environmental laws, regulations and standards may expose our Group to the risk of substantial costs and liabilities

We are required to comply with environmental protection, health and safety laws and regulations. Some of these regulations require us to adopt measures to effectively control and properly dispose of animal waste, waste water, dust and other environmental waste materials.

Due to the scale of our operations, it is inevitable that a large quantity of waste and emissions is produced, some of which require appropriate disposal. While we have adopted measures to control the disposal of waste gases, waste water and other environmental waste materials and to reduce the environmental impact of the discharged waste, there is no assurance that these measures may be sufficient now or in the future. Even with careful and regular monitoring, such environmental issues may continue until they are brought to our attention.

Any failure to comply with relevant environmental laws and regulations, depending on the type and severity of any violation, may cause us to be subject to, amongst other things, warnings from relevant authorities, imposition of fines and/or criminal liability, being ordered to close down our business operations and suspension of relevant permits.

As a result, our reputation may be harmed and our business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, as laws and regulations are becoming increasingly more stringent worldwide (including environmental and competition laws and regulations), there can be no assurance that we will not be required to incur significant costs to comply with such laws and regulations in the future.

5.4 RISKS RELATING TO OUR SHARES

5.4.1 Our Listing may not result in an active liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the price at which holders would be able to sell our Shares. Neither we nor our Promoters have an obligation to make a market for our Shares or, if such a market does develop, sustain it.

In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial conditions, our growth prospects or the growth prospects of the industry in which we operate.

5.4.2 Our Share price and trading volume may be volatile

The market price of our Shares may fluctuate as a result of, amongst other things, the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- differences in our actual financial and operating results and those expected by investors and analysts;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general or shares of companies comparable to ours;
- perceived prospects of our business and the industry where we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. While locked up shareholders are restricted from selling any of their Shares for a period of six months following our Listing, the market price of our Shares may also fluctuate if our existing shareholders choose to sell their Shares in the future. For further details on the moratorium and our lock-up arrangements, see Sections 2.2 and 4.8.3 of this Prospectus, respectively. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. The share price of many companies have experienced wide fluctuations which were not always related to the operating performance of those companies. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

5.4.3 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 1,857,954,837 Shares, of which up to 787,772,800 Shares, representing up to 42.40% of our enlarged issued share capital, will be held by investors participating in our Listing, and not less than 850,943,437 Shares, representing 45.80% of our enlarged issued Shares will be held by our Promoters via their direct and/or indirect interests in our Company. Save for the restrictions in relation to the moratoriums and our lock-up arrangements as set out in Sections 2.2 and 4.8.3 of this Prospectus, respectively, our Shares sold in our Listing will be traded on the Main Market of Bursa Securities without restriction following our Listing.

Our Promoters and other shareholders, including the Selling Shareholders, could dispose of some or all of our Shares that they hold after the moratorium period pursuant to their own investment objectives. If our shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

5.4.4 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

(i) the Joint Managing Underwriters' or Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement, or the Joint Global Coordinators' or the Joint Bookrunners' exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;

(ii) our inability to meet the minimum public shareholding spread requirement pursuant to Paragraph 3.06 of the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing as approved by Bursa Securities. See Section 2.1 of this Prospectus for details; or

(iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

(i) the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we and the Selling Shareholders shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(7)(a) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment or transfer of our IPO Shares and the issue proceeds form part of our share capital:

(i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from our Directors.

5.4.5 We may not be able to pay dividends

As part of our Board's guidance on dividends, we aim to declare a certain portion of our retained earnings for the year, subject to the approval of our Board and to any applicable law and contractual obligations, as dividends, provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board. See Section 12.4 of this Prospectus for further details. We propose to pay dividends after setting aside the necessary funding for our capital expenditure and working capital needs such that any declaration of dividends shall not exceed our distributable profits. We may not declare dividends should there be events of default occurring or that would occur with such dividend payment. Dividend payments are not guaranteed and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends than we currently propose.

We conduct a significant portion of our operations through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are a significant source of our income. Our Group has entered into, and may further enter into, financing agreements, which could limit our ability to pay dividends or other distributions, and we may incur expenses or liabilities that would reduce or eliminate the cash or profit available for distribution. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. In addition, certain of the facility agreements entered into by our Group, such as our wholly-owned subsidiary, FFMSB, contain certain negative and financial covenants. If our Group is in breach of any of these covenants, it may affect our ability to pay dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make future interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible or on favourable terms or at all. Further, if we incur new borrowings subsequent to our Listing, we may be subject to covenants restricting our ability to pay dividends.

5.4.6 Forward-looking statements in this Prospectus may not be accurate

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, prospects, plans and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements are made based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, amongst others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, including COVID-19 related factors, risks and challenges, that may cause our actual results, performance or achievements of our Group, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

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6.1 OUR COMPANY

6.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 24 March 2010 as a private limited company under the name of The Holstein Milk Company Sdn Bhd and is deemed registered under the Act. On 24 May 2021, our Company changed its name to Farm Fresh Sdn Bhd and subsequently on 22 September 2021, our Company was converted into a public company and assumed the name of Farm Fresh Berhad.

The principal activity of our Company is that of rearing dairy cows and the sale of dairy cows' milk whilst, together with our subsidiaries, we form a fast-growing vertically integrated dairy group engaged in the business of farming, manufacturing and distribution of various dairy products and plant-based products. The principal activities of our subsidiaries are further set out in Section 6.3 of this Prospectus.

The history of our business can be traced back to 2009 when our founders, Loi Tuan Ee and Loi Tuan Kin, commenced our dairy farming operations under FFMSB (formerly known as Ladang Anglo Nubian Sdn Bhd) involving the rearing of goats and sale of goats' milk. Loi Tuan Ee then brought in Azmi Bin Zainal to assist with FFMSB's operations. With support from Khazanah, we established our Muadzam Shah Farm in Pahang which became fully operational in 2014 with a focus on rearing dairy cows.

Since then, our Group has expanded our business operations via strategic acquisitions, notably the acquisition of AFS Dairy Company which was completed in 2017, granting our Company ownership of one of the largest remaining gene banks of the AFS dairy breed.

As at the LPD, our Group has a diverse product portfolio which consists primarily of chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products and fruit jam and sauces. Our Group also generates revenue from the sales of other products, including beef and kurma, as at the LPD. While we have previously sold 100% of the raw milk we produce to third parties, we have, since end September 2021, stopped selling raw milk we produce to third parties (save for instances where we have raw milk in excess of our processed milk requirements) as we can process raw milk in our Kyabram Facility. In addition, during the FPE 30 September 2021, our Directors have decided to rationalise the existing business of Henry Jones Foods, which would involve, amongst others, downsizing the fruit jam business.

6.1.2 Share capital

Our issued share capital is RM87,779,796, comprising 1,635,000,137 ordinary shares as at the date of this Prospectus.

Save as disclosed below, there has been no change in our issued share capital for the past three years preceding the LPD:

Date of allotment	No. of Shares	Consideration	Cumulative issued share capital (RM)
28 September 2018	60,000,000	Cash	87,779,796
27 December 2021	1,550,000,138	Nil[(1)]	87,779,796

Note:

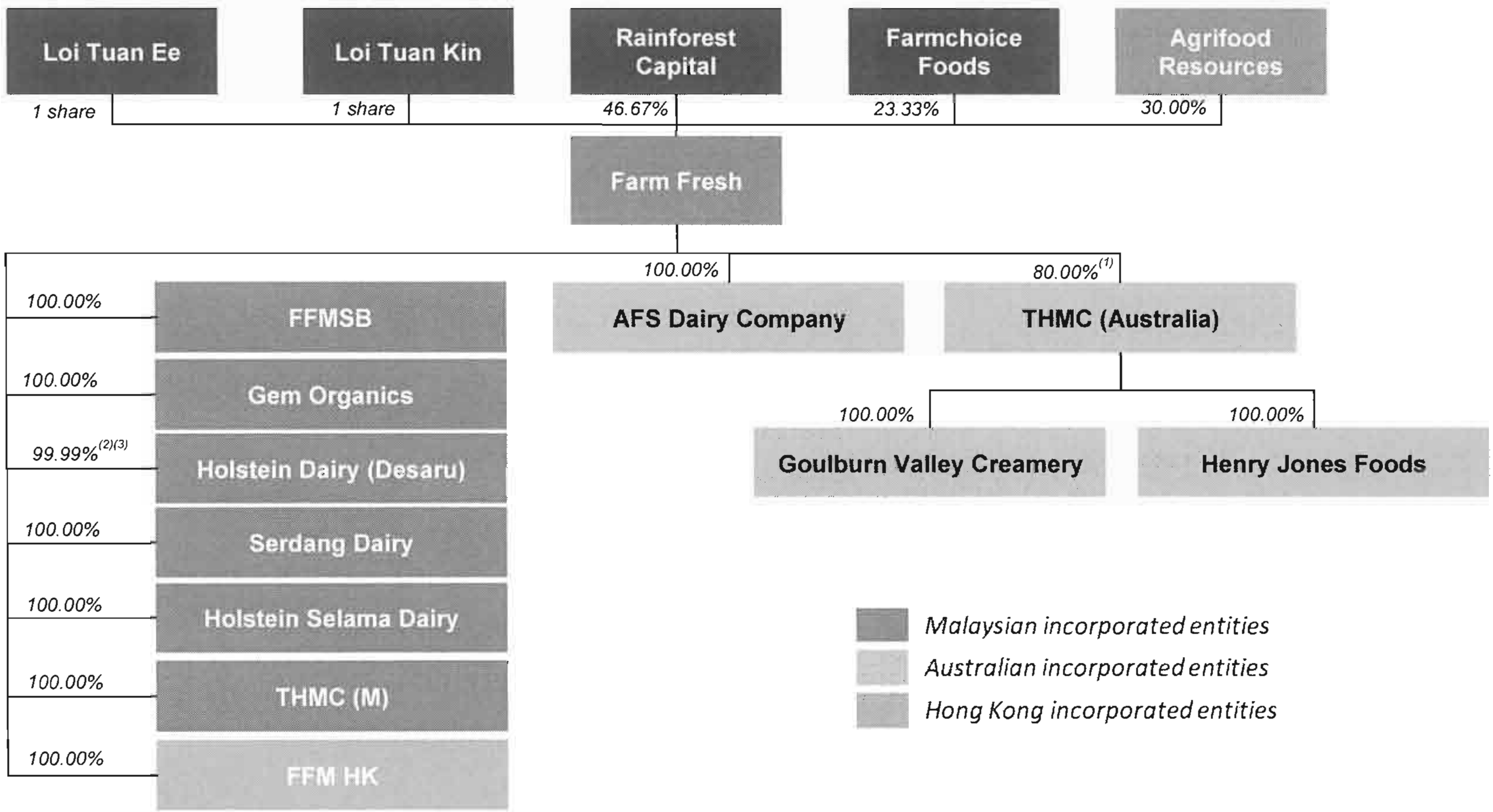
(1) Bonus Issue pursuant to the Pre-IPO Exercise as set out in Section 4.2.1 of this Prospectus.

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotment.

Upon the completion of our IPO, our enlarged issued share capital will increase up to 1,857,954,837 Shares. Our Company does not have any treasury shares as at the LPD.

6.2 OUR GROUP STRUCTURE

An overview of our group structure as at the LPD is as follows:



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

Notes:

(1) Remaining 20% held by Dairy Livestock Exports Pty Ltd, which is wholly-owned by Adam Graeme Pretty. Dairy Livestock Exports Pty Ltd is the trustee for the Adam Pretty Family Trust. Adam Graeme Pretty is the Managing Director of the Australian Business.

(2) Loi Tuan Ee and Azmi Bin Zainal hold one share each in Holstein Dairy (Desaru).

*(3) Pursuant to the terms of the joint venture agreement dated 23 February 2015 between Bio Desaru Sdn Bhd and our Company (as supplemented by the supplementary agreement dated 17 May 2018) ("**JVA**"), Bio Desaru Sdn Bhd will subscribe for 33% ordinary shares in Holstein Dairy (Desaru) to be satisfied by part of the rental under the registered lease for the Desaru Farm. Please refer to Section 14.6.1 of this Prospectus for further details on the JVA.*

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6.3 OUR SUBSIDIARIES

As at the LPD, our Company has 11 subsidiaries and does not have any associates. Our subsidiaries as at the LPD are as follows:

Name and company number	Date and country of incorporation	Issued Share capital	Our Company's effective equity interest (%)	Principal activities
Subsidiaries				
FFMSB 200701033521 (791549-H)	10 October 2007 (Malaysia)	RM8,794,984.09	100.00	Rearing of dairy goats and cows and the production, marketing and sale of goat's and cow's milk
Gem Organics 199901007569 (482469-T)	3 May 1999 (Malaysia)	RM100,000	100.00	Planters and cultivators
Holstein Dairy (Desaru) 201501020172 (1145508-K)	22 May 2015 (Malaysia)	RM3,000,002	99.99	Those relating to rearing of dairy cows and sale of cow's milk
Serdang Dairy 202001026174 (1382494-T)	2 September 2020 (Malaysia)	RM100,002	100.00	Manufacture of other dairy products N.E.C. and production of raw milk from cows or buffaloes
Holstein Selama Dairy 202001026167 (1382487-A)	2 September 2020 (Malaysia)	RM100,002	100.00	Manufacture of other dairy products N.E.C. and production of raw milk from cows or buffaloes
THMC (M) 202101027103 (1427403-T)	18 August 2021 (Malaysia)	RM2	100.00	Production of raw milk from cows and buffaloes
FFM HK 3124759	27 January 2022 (Hong Kong)	HKD1	100.00	Distribution and retail of dairy products
AFS Dairy Company 163 961 920	27 May 2013 (Australia)	AUD100	100.00	Australian Friesian Sahiwal cow breeding development
THMC (Australia) 622 076 715	5 October 2017 (Australia)	AUD15,317,345.50	80.00	Dairy operations
Goulburn Valley Creamery 622 481 823	26 October 2017 (Australia)	AUD100	80.00	Dairy operations
Henry Jones Foods 636 288 474	18 September 2019 (Australia)	AUD100	80.00	Manufacturing of fruit spreads and sauces

Further details of our subsidiaries as at the LPD are set out below:

6.3.1 Information on FFMSB

FFMSB was incorporated in Malaysia under the Companies Act 1965 on 10 October 2007 as a private limited company under the name of Ladang Anglo Nubian Sdn Bhd and is deemed registered under the Act. It changed its name to Farm Fresh Milk Sdn Bhd on 13 August 2015. FFMSB is principally involved in rearing of dairy goats and cows and the production, marketing and sale of goat's and cow's milk. The principal place of business of FFMSB is at No. 11-1, Jalan Petaling, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor Darul Takzim.

The issued share capital of FFMSB is RM8,794,984.09 comprising 3,560,039 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of FFMSB for the past three years preceding the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
2 October 2019	702,894	Otherwise than in cash	8,794,984.09

FFMSB is our wholly-owned subsidiary. As at the LPD, FFMSB does not have any subsidiaries or associates.

6.3.2 Information on Gem Organics

Gem Organics was incorporated in Malaysia under the Companies Act 1965 on 3 May 1999 as a private limited company under the name of Gem Organics (M) Sdn Bhd and is deemed registered under the Act. Gem Organics is principally involved as planters and cultivators. The principal place of business of Gem Organics is at No. 11-1, Jalan Petaling, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor Darul Takzim.

The issued share capital of Gem Organics is RM100,000 comprising 100,000 ordinary shares. There has been no change in the issued share capital of Gem Organics for the past three years preceding the LPD.

Gem Organics is our wholly-owned subsidiary. As at the LPD, Gem Organics does not have any subsidiaries or associates.

6.3.3 Information on Holstein Dairy (Desaru)

Holstein Dairy (Desaru) was incorporated in Malaysia under the Companies Act 1965 on 22 May 2015 as a private limited company under the name of Holstein Dairy (Desaru) Sdn Bhd and is deemed registered under the Act. Holstein Dairy (Desaru) is principally involved in those relating to rearing of dairy cows and sale of cow's milk. The principal place of business of Holstein Dairy (Desaru) is at PTD 1721, KM 10, Jalan Sedili Kechil, Mukim Sedili Kechil, 81900 Kota Tinggi, Johor Darul Takzim.

The issued share capital of Holstein Dairy (Desaru) is RM3,000,002 comprising 3,000,002 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Holstein Dairy (Desaru) for the past three years preceding the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
31 March 2018	3,000,000	Cash	3,000,002

As at the LPD, we own 99.99% equity interest in Holstein Dairy (Desaru). The remaining shareholders are Loi Tuan Ee and Azmi Bin Zainal, who hold less than 0.01% each. As at the LPD, Holstein Dairy (Desaru) does not have any subsidiaries or associates.

Pursuant to the terms of the JVA, BDSB will subscribe for 33% equity interest in Holstein Dairy (Desaru) to be satisfied by part of the rental under the registered lease for our Desaru Farm. Please refer to Section 14.6.1 of this Prospectus for further details on the JVA.

6.3.4 Information on Serdang Dairy

Serdang Dairy was incorporated in Malaysia under the Act on 2 September 2020 as a private limited company. Serdang Dairy is principally involved in the manufacture of other dairy products N.E.C. and the production of raw milk from cows or buffaloes. The principal place of business of Serdang Dairy is at Ladang 16, Bahagian Ternakan Taman Pertanian Universiti, Universiti Putra Malaysia, 43400 Serdang, Selangor.

The issued share capital of Serdang Dairy is RM100,002 comprising 100,002 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Serdang Dairy since incorporation up to the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
23 November 2020	100,000	Cash	100,002

Serdang Dairy is our wholly-owned subsidiary. As at the LPD, Serdang Dairy does not have any subsidiaries or associates.

6.3.5 Information on Holstein Selama Dairy

Holstein Selama Dairy was incorporated in Malaysia under the Act on 2 September 2020 as a private limited company under the name of Holstein Selama Dairy Sdn Bhd. Holstein Selama Dairy is principally involved in the production of raw milk from cows or buffaloes and the manufacture of other dairy products N.E.C. The principal place of business of Holstein Selama Dairy is at No. 11-1, Jalan Petaling, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor Darul Takzim.

The issued share capital of Holstein Selama Dairy is RM100,002 comprising 100,002 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Holstein Selama Dairy since incorporation up to the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
23 November 2020	100,000	Cash	100,002

Holstein Selama Dairy is our wholly-owned subsidiary. As at the LPD, Holstein Selama Dairy does not have any subsidiaries or associates.

6.3.6 Information on THMC (M)

THMC (M) was incorporated in Malaysia under the Act on 18 August 2021 as a private limited company under the name of The Holstein Milk Company (M) Sdn Bhd. THMC (M) is principally involved in the production of raw milk from cows or buffaloes. The principal place of business of THMC (M) is at No. 11-1, Jalan Petaling, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor Darul Takzim.

The issued share capital of THMC (M) is RM2.00 comprising 2 ordinary shares. There has been no change in THMC (M)'s issued share capital since incorporation up to the LPD.

THMC (M) is our wholly-owned subsidiary. As at the LPD, THMC (M) does not have any subsidiaries or associates.

6.3.7 Information on FFM HK

FFM HK was incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 27 January 2022 as a company limited by shares under the name of Farm Fresh Milk (HK) Limited. FFM HK is principally involved in the distribution and retail of dairy products. The principal place of business of FFM HK is at Unit 1411, 14/F., Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. As at the LPD, FFM HK has not commenced business operations.

The issued share capital of FFM HK is HKD1 comprising 1 ordinary share. There has been no change in the issued share capital of FFM HK since incorporation up to the LPD.

FFM HK is our wholly-owned subsidiary. As at the LPD, FFM HK does not have any subsidiaries or associates.

6.3.8 Information on AFS Dairy Company

AFS Dairy Company was incorporated in Victoria, Australia under the Corporations Act 2001 on 27 May 2013 as a proprietary company limited by shares. AFS Dairy Company is principally involved in Australian Friesian Sahiwal cow breeding development. The principal place of business of AFS Dairy Company is at 85 McCormick Road, Kyabram, Victoria 3620.

As at the LPD, AFS Dairy Company's issued share capital is AUD100 comprising 100 ordinary shares. There has been no change in AFS Dairy Company's issued share capital for the past three years preceding the LPD.

AFS Dairy Company is our wholly-owned subsidiary. As at the LPD, AFS Dairy Company does not have any subsidiaries or associates.

6.3.9 Information on THMC (Australia)

THMC (Australia) was incorporated in Victoria, Australia under the Corporations Act 2001 on 5 October 2017 as a proprietary company limited by shares. THMC (Australia) is principally involved in dairy operations. The principal place of business of THMC (Australia) is at 85 McCormick Road, Kyabram, Victoria 3620.

The issued share capital of THMC (Australia) is AUD15,317,345.50 comprising 14,379,405 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of THMC (Australia) for the past three years preceding the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (AUD)
31 March 2018	4,999,900	Cash	5,000,000
24 August 2020	9,379,405	Cash	15,317,345.50

As at the LPD, we own 80.0% equity interest in THMC (Australia). The remaining shareholder is Dairy Livestock Exports Pty Ltd (20.0%). As at the LPD, THMC (Australia) has two subsidiaries, namely, Goulburn Valley Creamery and Henry Jones Foods.

6.3.10 Information on Goulburn Valley Creamery

Goulburn Valley Creamery was incorporated in Victoria, Australia under the Corporations Act 2001 on 26 October 2017 as a proprietary company limited by shares. Goulburn Valley Creamery is principally involved in dairy operations. The principal place of business of Goulburn Valley Creamery is at 85 McCormick Road, Kyabram, Victoria 3620.

The issued share capital of Goulburn Valley Creamery is AUD100 comprising 100 ordinary shares. There has been no change in the issued share capital of Goulburn Valley Creamery for the past three years preceding the LPD.

Goulburn Valley Creamery is a wholly-owned subsidiary of THMC (Australia), which in turn is our 80.0%-owned subsidiary. As at the LPD, Goulburn Valley Creamery does not have any subsidiaries or associates.

6.3.11 Information on Henry Jones Foods

Henry Jones Foods was incorporated in Victoria, Australia under the Corporations Act 2001 on 18 September 2019 as a proprietary company limited by shares under the name of Kyabram Jam Company Pty Ltd. It changed its name to Henry Jones Foods Pty Ltd on 22 January 2020. Henry Jones Foods is principally involved in manufacturing of fruit spreads and sauces. The principal place of business of Henry Jones Foods is at 85 McCormick Road, Kyabram, Victoria 3620.

The issued share capital of Henry Jones Foods is AUD100 comprising 100 ordinary shares. There has been no change in the issued share capital of Henry Jones Foods since incorporation up to the LPD.

Henry Jones Foods is a wholly-owned subsidiary of THMC (Australia), which in turn is our 80.0%-owned subsidiary. As at the LPD, Henry Jones Foods does not have any subsidiaries or associates.

As at the LPD, neither our Company nor any of our subsidiaries has any outstanding warrants, options, convertible securities or uncalled capital.

None of our Shares and share capital in our subsidiaries were issued and allotted at a discount or have any special terms.

As at the LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

During the last financial year up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Shares; and

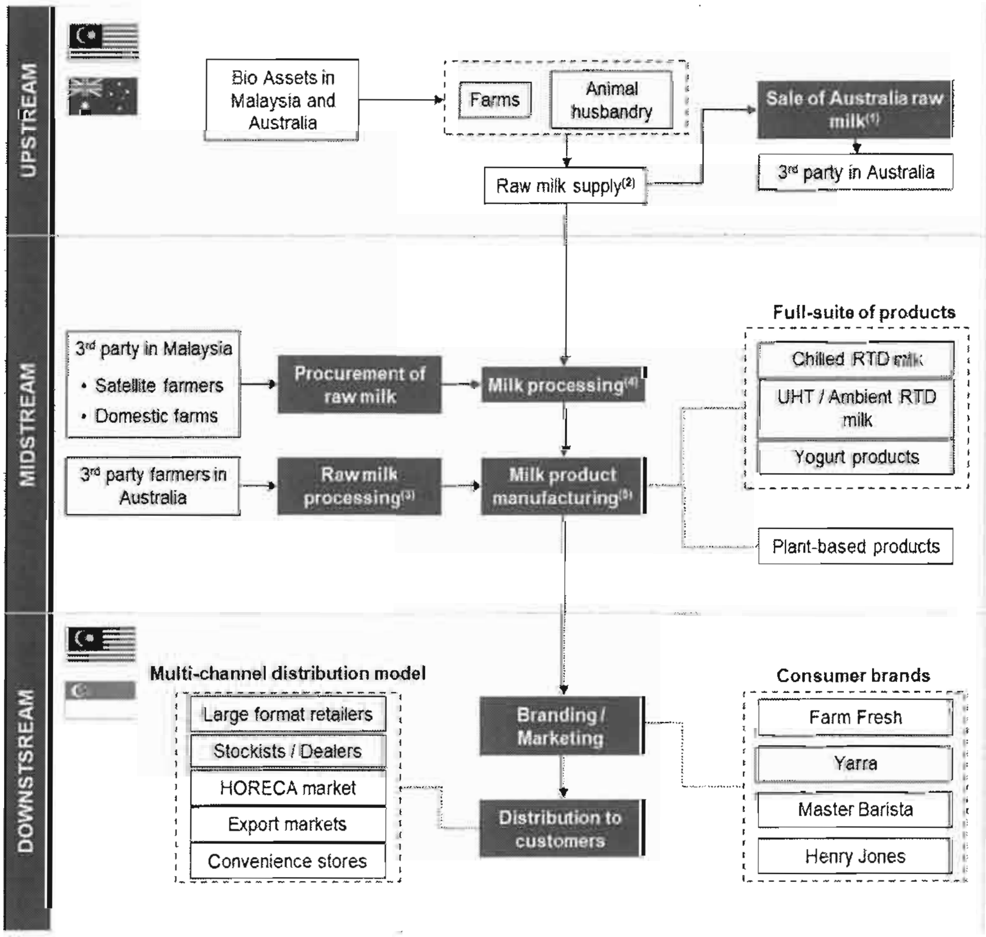
(ii) public take-over offers by our Company in respect of other companies' securities.

7. BUSINESS OVERVIEW

7.1 Overview

We are a fast-growing, vertically integrated dairy group engaged in the business of farming, manufacturing and distributing various dairy products and plant-based products. As at the LPD, we operate five dairy farms in Malaysia and one dairy farm in Australia, across an aggregate of about 5,400 acres of land, with a total herd size of around 9,960 dairy cows and bulls. We also own and operate two processing facilities in Malaysia, with the capacity to produce around 137.0 million litres of finished goods annually, and one processing facility in Australia, with the capacity to produce around 84.0 million litres of processed milk annually.

We have a diverse product portfolio, with 135 SKUs as at the LPD, spanning multiple product segments such as chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products, and fruit jam and sauces. We distribute our products across our multi-channel distribution network. The following diagram provides an illustration of our Group's main operations, from farming to the processing and distribution of dairy and non-dairy products.



Notes:

(1) *Our Group had historically sold the raw milk produced at our Australian farm to third parties but stopped sales of raw milk to third parties at the end of September 2021 (save for instances where we have raw milk in excess of our processed milk requirements).*

(2) *We also use milk powder in the production of a small proportion of our products, such as private label products and 4 SKUs under the Yarra brand.*

(3) *Raw milk purchased from third-party farmers in Australia is processed at our Kyabram Facility before being shipped as a raw milk ingredient to our Malaysian farms and processing facilities.*

(4) *Milk processing generally comprises chilling/cooking, homogenisation, pasteurisation and cooling.*

(5) Milk product manufacturing generally comprises filling and packaging into finished products.

According to Frost & Sullivan, our market share in the chilled RTD milk segment in Malaysia has tripled from 12% in 2015 to 36% in 2020. In the same period, our market share in the yoghurt segment in Malaysia increased from 5% in 2015 to 11% in 2020. We entered the ambient RTD milk segment in 2018 and, by 2020, had established an 8% market share in the ambient RTD milk segment in Malaysia. For the nine months ended 30 September 2021, our market share in the chilled RTD milk segment in Malaysia was 42%, our market share for yoghurt was 11% and our market share for ambient milk was 10%.

7.2 Competitive strengths

We believe that we benefit from the following competitive strengths:

7.2.1 One of the largest and fastest growing players in the attractive Malaysian dairy industry

According to Frost & Sullivan, we are Malaysia's largest integrated producer of dairy products made from fresh raw milk. We are a homegrown Malaysian dairy company committed to producing fresh and quality dairy products that cater to consumers' tastes and preferences. We focus on producing nutrient-rich and affordable dairy products made with fresh milk and that are free of preservatives and colouring. We believe that our product quality and proposition has been key in establishing our strong market position and growth track record across our product categories, reflecting the quality of, and strong customer demand for, our fresh milk products.

According to Frost & Sullivan, we are the second-largest player in the RTD milk category (which includes the chilled RTD milk and ambient RTD milk segments) in Malaysia for the first nine months of 2021. We are also among the fastest-growing players in the RTD milk category. From 2015 to 2020, our market share in the RTD milk category in Malaysia increased from 3% to 15%, and to 18% for the nine months ended 30 September 2021. In the chilled RTD milk segment, we are the market leader, with our market share increasing from 12% in 2015 to 36% in 2020 and to 42% for the nine months ended 30 September 2021. Within this segment, Frost & Sullivan estimates that in 2020, 66% of all products in this segment were made using fresh milk, and we are the market leader in the fresh-milk sub-segment with a market share of approximately 54% for 2020. In the ambient RTD milk segment, we have demonstrated strong growth since our entry into this segment in 2018, with a market share of 8% for 2020 and 10% for the nine months ended 30 September 2021. Within the ambient RTD milk segment, Frost & Sullivan estimates that in 2020, 16% of all products in this segment were made using fresh milk, and we are the market leader in the fresh-milk sub-segment with a market share of approximately 48% for 2020.

We are also the third-largest player in the yoghurt category in Malaysia for the first nine months of 2021, according to Frost and Sullivan. In 2020, our market share in the yoghurt category in Malaysia was 11%, an increase from 5% in 2015, and for the nine months ended 30 September 2021, our market share for yoghurt in Malaysia was 11%.

We believe that Malaysia, where the majority of our operations are located, is an attractive market for the dairy industry. The dairy industry in Malaysia is growing and we believe that we are well positioned to benefit from this growth. We believe we stand to benefit from continued support from the government for agricultural activities, including the establishment of dairy valleys in the next five years under the Twelfth Malaysia Plan. On the demand side, Frost & Sullivan expects demand for dairy products to increase as, amongst other reasons, Malaysians are becoming health-conscious and are adopting a more balanced diet, rich in nutrients and proteins. This has accordingly led to a growing interest in fresh and organic F&B products. Growth in population and household income also enable consumers to spend more on F&B products, including dairy products. In addition, the Malaysian government is pushing for the growth of the local dairy industry. See Section 8 of this Prospectus for further details.

Frost & Sullivan expects (i) retail sales of chilled RTD milk to grow at a CAGR of 10.0% from RM533.1 million in 2021 to RM780.6 million in 2025, (ii) retail sales of ambient RTD milk to grow at a CAGR of 8.3% from RM1,530.6 million in 2021 to RM2,103.4 million in 2025, and (iii) retail sales of yoghurt to grow at a CAGR of 6.9% from RM434.8 million in 2021 to RM567.4 million in 2025. Frost & Sullivan further expects the market for RTD milk products made using fresh milk to grow faster than that for products using non-fresh milk, as customers switch to better quality and fresher products. Accordingly, Frost & Sullivan expects retail sales of fresh-milk RTD milk products to grow at a CAGR of between 11% and 14%, from an estimated 29% share of total retail sales of RTD milk in 2020 to between 35% and 39% of total retail sales of RTD milk by 2025.

In addition, in 2020, the supply of domestically produced fresh milk is not sufficient to meet the increasing demand in Malaysia. This provides significant growth opportunities for companies that are able to produce and process fresh milk in Malaysia to meet the increasing demand in Malaysia. In that vein, we have made and intend to continue to make significant investments to expand our upstream and midstream capacity and improve our operational efficiency. See Section 7.3.1 of this Prospectus for details.

7.2.2 Attractive and diversified portfolio of proprietary brands built on a fresh milk proposition and supported by culture of innovation

Our brands are well-established names with broad recognition among local consumers. We own all of our product brands across four core dairy product categories, namely chilled RTD milk products, UHT/ambient RTD milk products, yoghurt products, and plant-based RTD milk products. According to Frost & Sullivan, we have the widest portfolio of locally manufactured dairy products (including plant-based RTD milk products) amongst Malaysian integrated dairy companies as at January 2022. As at the LPD, we offer 135 SKUs, all of which are produced in-house, across the above four major product categories, marketed under widely recognised brands such as Farm Fresh, Master Barista, Henry Jones, Yarra Farm, and Nubian Goat's Milk.

By virtue of owning all our brands, we are not bound by restrictions like limits on product offerings or geographical expansion as compared to some of our competitors that are licensed manufacturers or distribute third-party dairy brands in Malaysia. This presents us with the opportunity and flexibility to take more responsive decisions with respect to our business, product offerings and distribution channels across Malaysia and overseas markets.

We believe the strength of our brands is underpinned by our commitment to deliver fresh-milk-based products that are processed without preservatives, artificial colourings or foreign substances to ensure a differentiated taste in our products. According to Frost & Sullivan, we are the only integrated dairy company of scale in Malaysia that produces (i) chilled RTD milk, (ii) ambient RTD milk, (iii) edible yoghurt, and (iv) drinking yoghurt without using reconstituted /recombined milk or milk powder sources for our own Farm-Fresh branded products.

Our large portfolio of products across several categories enables us to capture a wide addressable market. Over the last few years, we have introduced a variety of products catering to different preferences (product shelf life, low fat milk, full cream milk, flavoured milk), dietary restrictions (vegan and lactose-intolerant) and functional requirements (kurma milk, tongkat ali and organic milk). In addition, we have introduced various flavoured RTD milk products that cater to localised tastes, which have enabled us to penetrate the local market further. We are also able to offer products in various packaging formats and different price points to appeal to a wide demographic and retain customers as they "trade-up" in their product choices with their growing income.

We believe that our strong research and development capabilities, and deep understanding of consumer preferences have helped us to continuously innovate, expand our product offering, and launch new products to market. Our product portfolio expands as we constantly innovate to be the first to bring new products to the market or to cater to consumer preferences. We were the first to introduce the following products in Malaysia:

- *Kurma (palm dates) RTD milk*: This was first introduced by us in Malaysia in 2016 and has proven to be one of our most successful products. In 2020, this product was recognised as a winner for being a standout innovation that achieved critical success by NielsenIQ as part of BASES Top Breakthrough Innovations;

- *Lactose-free RTD milk*: This was first introduced by us in Malaysia in 2018. Frost & Sullivan expects demand for plant-based RTD milk to be driven by the large lactose intolerant population in Malaysia. We believe that we are well positioned to benefit from this trend given our recognition of the niche lactose-free market back in 2018 and the introduction of our lactose-free RTD milk products since.

- *A2 Organic milk*: This was first introduced by us in Malaysia in March 2021 under the Henry Jones brand. Certified organic by the National Association for Sustainable Agriculture Australia (NASAA), our organic milk caters to customers who value organic milk in addition to milk containing only A2 beta-casein protein, which for certain group of individuals, will result in fewer gastrointestinal symptoms (such as bloating, gas and abdominal pain) and is easier to digest compared to regular milk.

- *Oat and Almond milk*: We introduced these two plant-based beverages in September 2020 to capture the trend of increasing consumers who are leaning towards healthy plant-based beverages due to their vegan diet, lactose intolerance or those who want an alternative to dairy milk. In addition, our oat milk is a natural source of beta glucan which is beneficial to reduce cholesterol and risk of heart disease. Our oat milk also has high fibre and complex, slow-digesting carbohydrates resulting in a slow release of sugar into the blood after a meal, and thereby provides a sustained supply of energy to the body. Our almond milk is a good source of antioxidants and good fats which support skin health.

- *Banana flavoured milk*: This was first introduced by us in August 2021. Our banana flavoured milk is made from real banana puree, as compared to the usage of artificial flavouring by other local players in Malaysia. As we use real banana puree, our banana flavoured milk is a dietary source of potassium, which naturally lowers blood pressure, and contains the amino acid tryptophan, which regulates serotonin levels and acts as a mood and energy booster.

Our product innovation also extends to our packaging, such as more convenient packaging and a larger variety of packaging sizes for our products. This has contributed to higher consumption of our products, with consumers being able to purchase our products based on their lifestyle, needs, affordability and consumption habits. As a consumer-focused, insights-driven company, we continually strive to understand the lifestyles and preferences of both today's and tomorrow's consumers in order to create and develop more occasions for drinking dairy and ultimately attracting more consumers towards our products. In addition, our focus on innovation allows us to respond to changing consumer tastes and preferences by developing new products which enjoy higher margins.

Our success in building the Farm Fresh brand based on our fresh milk proposition and culture of innovation has culminated in us receiving two awards at the Putra Brand Awards, namely the Platinum Award in the Beverage – Dairy category and the Putra Most Enterprising Brand of the Year. The Putra Brand Awards is an annual premier brand awards event in Malaysia endorsed by the Malaysia External Trade Development Corporation. Winners are determined using a robust consumer research methodology in which 11,000 consumers vote for their favourite brands within multiple categories, thereby establishing Malaysian consumers themselves as the judges and award-givers of this distinguished event. This gives great significance to us attaining top spot in the Beverage – Dairy category, besting other established players including multinational brands which have been in the market for decades longer than us. The Putra Most Enterprising Brand of the Year award also signifies the recognition given to us in demonstrating continuous brand building commitment via communication and product innovation.

7.2.3 Vertically integrated "grass-to-glass" model providing operational benefits

According to Frost & Sullivan, we are Malaysia's largest integrated producer of dairy products made from fresh raw milk. We operate on a "grass-to-glass" model and have a presence across upstream, midstream and downstream segments of the dairy industry.

Our upstream segment currently includes five operating dairy farms in Malaysia and one operating dairy farm in Australia encompassing an aggregate of approximately 5,400 acres of land, with a herd size of approximately 9,960 milking cows, non-milking cows and bulls, as at the LPD.

In the midstream segment, we currently own and operate two dairy processing facilities in Malaysia and one in Australia. In Malaysia, these facilities are located in Larkin, Johor and Muadzam Shah, Pahang, and our Australian facility is located in Kyabram, Victoria, Australia. Based on our production capacity as at the LPD, we are able to produce approximately 137.0 million litres of finished dairy products and 84.0 million litres of processed milk annually.

In the downstream segment, in addition to selling through modern trade channels such as supermarkets, hypermarkets, convenience stores and petrol kiosks, we have developed and manage a growing stockist and home dealer network.

We sell our products directly to various stockists that are exclusive to us, who then on-sell these products to home dealers under our "home dealer programme", which is a distribution channel we believe to be unique to us. See Section 7.2.5 of this Prospectus for more details.

Our vertically integrated dairy farming and milk production provides us with a number of key strategic and financial advantages, including the following:

- ability to deliver on the fresh milk proposition through our presence across the value chain, enabling us to differentiate ourselves and capture significant share of the fast-growing chilled and UHT/ambient fresh RTD milk category;
- access to a supply of high-yielding breed of dairy cows, which reduces importation costs and improves cost-efficiency of our supply chain;
- ability to ensure traceability, product quality and consistency to better meet consumers' health and safety requirements through our expertise and standardisation of our farming and processing operations;
- economies of scale that result in operational efficiency and reduce per unit cost of production, thereby driving our competitiveness and profitability;
- optimising utilisation of our production capacity through our diversified product mix;
- access to consumer insights through our stockist network, which helps us with product formulation and pricing strategy while minimising advertising and promotion expenses; and
- a cost-effective and highly scalable model for continued growth when we expand our business within existing markets or into new markets.

We also benefit from having operations in different locations, enabling us to forge an efficient go-to-market strategy and diversifying our risks from adverse events such as natural disasters and disease outbreaks in a particular location.

7.2.4 Strong competitive advantage through gene bank ownership and notable farm management and animal husbandry practices

As at December 2021, we own one of the largest remaining gene banks of the original AFS cattle globally, according to Frost & Sullivan. We have the largest herd of AFS breed cattle among vertically integrated dairy players in Malaysia. The AFS breed combines the genotypes of temperate Holstein and tropical Sahiwal breeds, resulting in one of the most resilient and economically viable tropical cattle breeds globally. AFS cattle are also proven to have high resistance to heat, ticks and blood parasites, good tolerance to humidity and benefit from robust fertility rate.

As part of our efforts to strengthen our gene bank and breeding capabilities, we acquired Petabern Dairies in 2017, which granted us access to top quality pure-bred Australian Holstein genetics. According to Frost & Sullivan, the Holstein dairy cattle is generally believed to be among the highest yielding dairy breed globally.

We have adopted a systematic breeding process focused on improving the genetic features of our herd.

The measures of this process include (i) formulating and adapting breeding plans for our herd taking into consideration factors such as breed, attributes, historical breeding record, historical milk yields, (ii) adopting artificial insemination procedures, and (iii) employing sex-sorted frozen semen to increase the proportion of female calves born. We believe that our access to the AFS cattle gene bank and pure-bred Australian Holstein genetics gives us a competitive advantage, as we are able to optimise the genetic mix of our dairy cows via IVF to develop the best tropical dairy cow breed. We have a dedicated IVF unit based in Malaysia which is focused on carrying out necessary breeding processes as well as research and development to achieve this.

In addition, we place great emphasis on our farm management and animal husbandry practices across our farming operations through various measures including the following:

- *Feed*: We employ a total mixed ration feeding regime to ensure that our entire herd receives a ration that is well balanced both chemically and nutritionally. We develop different in-house feeds formula taking into consideration the different nutritional needs of the cows at different breeding cycles. In Australia, we also allow our cows to graze on the grass due to temperate weather which is beneficial in terms of reducing overall feed cost and herd health.

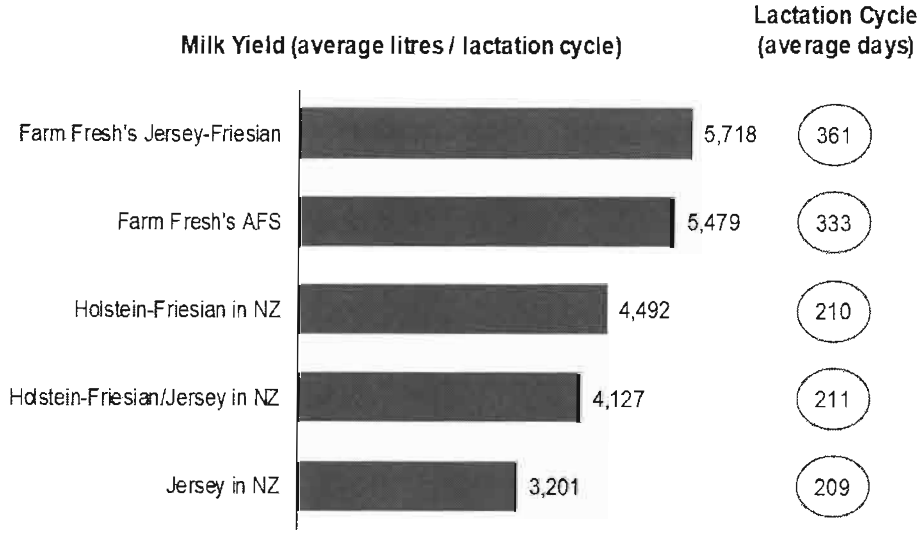
- *Farm Management*: We focus on the well-being and comfort of our dairy cows and have introduced various initiatives and features across our barns with the strategic objective of increasing raw milk output, yield, longevity and overall well-being of our herd in a sustainable manner. Our dairy farms have purpose-built barns with easy access to food and water, as well as clean and comfortable dry sand bedded areas that allow our dairy cows to eat, drink and relax freely.

- *Biosecurity*: We take the health of our herd seriously and have established strict herd biosecurity measures across our farms. We have a qualified team comprising veterinarians as well as animal science and husbandry graduates who have primary care over the health of our herd. Regular vaccinations are also administered on our herd.

- *Milking*: To maintain a high milk yield during the cow's lactation period, we keep a consistent milking interval of two milking sessions a day. Each milking session typically lasts four to six hours and we milk our dairy cows primarily using imported milking systems.

In June 2021, all our completed Malaysian farms were certified by the Humane Farm Animal Care ("**HFAC**"), an international non-profit certification programme aimed at improving the lives of farm animals. We are the first player in Asia to receive this certification. We intend to obtain similar certifications for our Taiping Farm upon its completion, and for our farms in Australia once the COVID-19 pandemic situation improves and cross-border restrictions are lifted. See Section 7.5 of this Prospectus for further details.

We believe that our notable animal husbandry practices coupled with the strength of our AFS breed and Jersey-Friesian crossbreed cattle have led to our success in generating high yields and high-quality milk from our dairy cows, despite the tropical environment in Malaysia.



In addition, the pure Holstein breed at our farms in Australia offers approximately 10,000 litres of milk per lactation cycle (with an average lactation length of 305 days) compared with the average of 7,500 litres of milk per lactation cycle recorded in Australia by the Holstein breed.

We have also consistently obtained a total plate count of below 100,000 CFU/ml for the raw milk we produce, a value comparable to the limit of 100,000 CFU/ml imposed by the European Union, which has among the world's highest industrial standards for milk and other dairies, according to Frost & Sullivan. Consuming raw milk which has a TPC above the acceptable limit of 1,000,000 CFU/ml can cause, among other symptoms, acute diarrhoea and haemolytic uremic syndrome.

7.2.5 Extensive market penetration through multi-channel distribution network

Our multi-channel distribution network covers all the states and key cities in Malaysia, allowing us to deliver our products to a broad range of customers in Malaysia. We sell our products in Malaysia through an extensive distribution network that facilitates the sales of different products to different customer markets, and comprises mainly large format retailers, stockists and home dealers, HORECA, convenience stores and distributors. Our products are also sold in markets outside of Malaysia, including Australia, Singapore and Brunei. For Singapore, we sell our chilled products through an exclusive distributor and our UHT products through a stockist and a distributor.

We also distribute our products through a network of stockists, home dealers and agents. We sell our products to our stockists, who then on-sell these products to home dealers under our "home dealers programme". As at the LPD, we have 45 stockists, spanning all the states in Malaysia, managing 906 home dealers who in turn manage 1,772 agents of theirs selling our products. In addition, as at the LPD, we also sell our products to 22 distributor agents who then on-sell our products to the various HORECA outlets. See Section 7.7.1 of this Prospectus for more details. According to Frost & Sullivan, we have the largest home dealer network that is exclusive to us amongst vertically integrated dairy companies in Malaysia.

We believe that our home dealer network provides us with additional routes to market, allowing us to achieve greater penetration of our products in the rural or more remote areas in Malaysia which may not be accessible via our other distribution channels. In addition, through the "word-of-mouth" marketing network of our stockists and dealers, we are able to promote new products to the mass market while managing advertising and promotion expenses, thereby maximising our margins. Furthermore, this channel provides us with direct access to intelligence about pricing, market demand, consumer preferences and merchandising, specific to particular regions and locations. In 2020, we invested in a new online sales platform supported by immediate sales activation and efficient fulfilment through our existing network of stockists and dealers. The platform also helps to connect our stockists and dealers with customers within the same vicinity in a convenient manner.

Our stockists and home dealers network represents our fastest growing distribution channel, with a revenue CAGR of 117.7% from FYE 31 March 2019 to FYE 31 March 2021 and a growth of 0.2% from FPE 30 September 2020 to FPE 30 September 2021. Our stockists and home dealers network contributed 34.5% of our revenue in FYE 31 March 2021 and 30.5% of our revenue in FPE 30 September 2021.

Our home dealers programme has encouraged the creation of a micro-entrepreneurial network. As at the LPD, more than 80% of the home dealers in our home dealer network are women entrepreneurs. We believe our home dealers programme has positively impacted the community by creating job and income opportunities in both urban and rural areas. As a testament of the social benefits that we have provided through the home dealers programme, we were nominated by SME Corporation Malaysia and received the ASEAN Inclusive Business Award in 2020.

We also have long-term and stable relationships with our key customers across various distribution channels, allowing our products to be well distributed across Malaysia. As at the LPD, we sell our products to 15 large format retailers and our products are carried at more than 630 locations where such retailers have a presence. Most of our sales to HORECA outlets are made through distributor agents who then on-sell our products to the various HORECA outlets. As at the LPD, we sell our products to three hotel chains, seven café chains and 22 distributor agents. We also sell our products to other modern trade outlets such as convenience store chains, a mini market chain, and petrol kiosk convenience stores in Malaysia. As at LPD, our products are available at 99 Speedmart, a mini market chain in Malaysia, four major convenience store chains, namely 7-Eleven Malaysia, FamilyMart, myNEWS, and KK Mart, and the stores of five petrol companies, namely BHP PetroMart, Caltex, Mesra, Petron, and Shell Select, and our products are carried at more than 7,290 locations where such retailers have a presence. This includes the full addition of more than 2,000 99 Speedmart locations in Malaysia in December 2021.

We believe that we have a strong distribution network across Malaysia with long-standing and sustainable relationships with our key distribution partners through mutually beneficial arrangements. Our market penetration through diverse retail channels brings us closer to our customers and helps us stay informed about consumer preferences, trends and current developments in the regional dairy industry. In addition to ensuring breadth and depth of penetration, our multi-channel distribution model allows us to minimise concentration risk on any one channel.

7.2.6 Strong and experienced management team with significant emphasis on ESG initiatives

Our founder-led key senior management team led by Mr Loi Tuan Ee, En Azmi Bin Zainal and Mr Loi Tuan Kin, have in aggregate over 33 years of experience in the dairy industry. Leveraging on their expertise in and understanding of the dairy industry as well as the local demographic, we have been able to successfully stay ahead of shifts and developments in the business, economic and political environments in our key markets and the industry. Our management team has successfully steered the company through the economic impact and supply chain disruptions caused by COVID-19, demonstrating significant strength and resilience.

The track record of our key senior management's competencies are further evidenced through the following:

- *organic growth*: Our key senior management team has led us to successfully build a strong brand that connects with consumers and meets their growing demand for quality products made from fresh milk. In addition, our operational excellence in, amongst other things, upstream raw milk output and milk yield, product innovation and commercialisation as well as management of our multi-channel distribution network is a testament to the strong executional abilities of our key senior management; and

- *inorganic growth*: We have completed several acquisitions under the direction of the key senior management team and we have successfully integrated these into our operations. These include the acquisitions of AFS Dairy Company and Petabern Dairies, which have strengthened our breeding capabilities by granting us access to the resilient AFS breed and top quality pure-bred Australian Holstein genetics.

Our key senior management team has deep experience and strengths in, amongst other things, financial management, livestock management, farm management, animal husbandry, and possess strong relationships with an extensive network of farmers. Owing to these strengths, we have been able to achieve growth in our business. See Section 9.3.1 of this Prospectus for more details on our management team.

We believe that the knowledge and business acumen of our senior management will continue to allow us to capitalise on market opportunities and formulate business strategies to create shareholder value. In addition, our management team places significant importance on sustainable, socio-economic development and environmental goals. Our sustainability efforts are anchored around three focus areas, namely quality dairy, stronger communities and healthier planet. We are focused on building strategies that would create value and drive impact in the long term to our stakeholders, including customers, employees, government and regulators, investors and local communities. See Section 7.15 of this Prospectus for more details on our sustainability efforts.

7.3 Future plans and strategies

Our principal goal is to further strengthen our position as one of the leading Malaysian dairy players and expand our market share outside Malaysia. We continuously seek opportunities to achieve sustainable growth of our business and to enhance shareholders' value. We intend to achieve this goal by implementing the following strategies:

7.3.1 Expand our capabilities across the value chain in Malaysia

Malaysia will continue to be our key market, and we will endeavour to sustain and enlarge our market position by expanding our upstream capacity while improving operational efficiency and deepening our distribution network.

Within our upstream business, we plan to leverage on our gene bank ownership and notable farm management and animal husbandry practices to scale our farm area, herd size and milk production to capitalise on Malaysia's increasing domestic demand for dairy products. We are constantly evaluating opportunities for expansion in both Peninsular Malaysia and East Malaysia. We plan to complete the construction of a new 828 acre farm in Taiping, Perak with a capacity to house a dairy herd of up to 3,100 upon full completion. This will be funded using our internally generated funds and borrowings.

In the midstream segment, we have plans to expand our production capacity for finished products over the next three years. In Malaysia, we intend to install one additional filling and packaging line at our Muadzam Shah Facility in April 2022. As at the LPD, we have installed one additional filling and packaging line for RTD chilled milk at our Larkin Facility in April 2021 and one additional UHT filling and packaging line at our Muadzam Shah Facility in August 2021. We also intend to set up two new processing facilities at our UPM Farm and Taiping Farm, which we expect to commence operations by March 2022 and June 2022, respectively. The cost of the additional lines as well as the new processing facilities will be funded using a combination of internally generated funds and borrowings.

In the longer term, we intend to establish a new manufacturing hub in the Central Region of Peninsular Malaysia, which will increase our existing production capacity for dairy and plant-based products. The manufacturing hub will also serve as a base for the development of new product offerings in Malaysia, including ice cream. We aim to complete the setting up of the manufacturing hub around 24 months from our Listing, taking into account the time required for the receipt of relevant planning approvals, construction and building fit-out, as well as equipment and machinery installation. We intend to fund the cost of the new manufacturing hub entirely using the proceeds of the Public Issue. In the event the allocated proceeds are insufficient for the establishment of the new manufacturing hub, we intend to fund any shortfall through internally generated funds. See Section 4.6 of this Prospectus for more details.

We also have plans to establish a new dairy farm and integrated processing facility in East Malaysia, which we intend to complete by the first quarter of 2024. We intend to fund the cost of the new dairy farm and integrated processing facility with the proceeds of the Public Issue. In the event the allocated proceeds are insufficient for the establishment of a new dairy farm and integrated processing facility, we intend to fund any shortfall through internally generated funds and/or external financing. See Section 4.6 of this Prospectus for more details.

As a result of the expansion plans as described above, we expect our production capacity in Malaysia for the manufacturing of finished RTD products to increase by 46.8% from 137.0 million litres as at the LPD to 201.1 million litres, as shown below:

Production facility	Annual production capacity as at the LPD	Estimated additional annual production capacity: Expansion of existing facility	Estimated additional annual production capacity: Establishment of new facility	Total estimated annual production capacity	Total capital expenditure incurred as of 30 November 2021	Total estimated capital expenditure in FYE 31 March 2022	Total estimated capital expenditure in FYE 31 March 2023
	('000 litres)	('000 litres)	('000 litres)	('000 litres)	(RM'000)[1]	(RM'000)[2]	(RM'000)[2]
Finished products							
Muadzam Shah Facility	74,230[3]	5,670[5]	-	79,900	12,163	12,500	20,000
Larkin Facility	62,760[4]	-	-	62,760	3,348	3,500	-
UPM Facility	-	-	3,293[6]	3,293	433	500	-
Taiping Facility	-	-	20,790[7]	20,790	184	1,000	12,000
New manufacturing hub	-	-	13,608[8]	13,608	-	-	45,000
New integrated processing facility	-	-	20,790[9]	20,790	-	-	10,000
	136,990	**5,670**	**58,481**	**201,141**	**16,128**	**17,500**	**87,000**

Notes:

(1) Reflects the capital expenditure incurred as of 30 November 2021 for the expansion of existing facility or the establishment of new facility.

(2) Reflects the total estimated capital expenditure for the expansion of existing facility or the establishment of new facility.

(3) Being the one additional filling and packaging line for UHT/ambient products at our Muadzam Shah Facility commissioned in August 2021.

(4) Being the one additional filling and packaging line for RTD chilled milk at our Larkin Facility commissioned in April 2021.

(5) Being the one additional filling and packaging line for RTD products at our Muadzam Shah Facility, which we expect to be commissioned in April 2022.

(6) Being the new processing facility at our UPM Farm with two lines for RTD chilled products under construction and expected to be commissioned by March 2022.

(7) Being the new processing facility at our Taiping Farm with two lines for pressurised fresh milk under construction and expected to be commissioned by June 2022.

(8) Being the new manufacturing hub which we plan to establish within 24 months from our Listing.

(9) Being the new farm with integrated processing facility which we plan to establish by the first quarter of 2024.

In addition, we intend to embark on the production of ice cream with the following estimated production capacity:

Production facility	Annual production capacity as at the LPD	Establishment of new facility	Expected annual production capacity
	('000 kg)	('000 kg)	('000 kg)
Ice cream			
New manufacturing hub	-	2,343	2,343

We intend to leverage on our proven home dealer programme and operational platform to continue to scale our stockist and home dealer network, capitalising on the underpenetrated areas in Malaysia. We have identified pockets of areas within Malaysia that are not yet served by any stockists and would like to further expand into by actively hiring and building out our stockist and home dealer network in these areas.

We also plan to expand and capitalise on existing distribution channels in Malaysia by growing our distribution footprint, including deepening our penetration in the convenience store and petrol kiosk format. We have also identified a number of large convenience store chains with nationwide store footprint to carry our products.

7.3.2 Continue to develop and grow our product portfolio

We are also well-placed to leverage on the current market recognition of our brands, our strength in product development, distribution network and product quality to enhance our product offering. We will continue to leverage on our strong research and development capabilities and knowledge of local preferences and consumer insights to innovate and expand our product portfolio through the addition of new product categories.

According to Frost & Sullivan, the powdered milk category in Malaysia has a market size of RM2.3 billion in 2020. We believe this is a fast-growing segment and we intend to launch growing up milk for kids aged from three to 12 years old, based on a fortified fresh milk formula, which will compete with both powder-based kids milk and RTD reconstituted milk-based products. We are currently formulating a product without any preservative, artificial flavouring and colouring. We believe this will resonate with the expectations of parents to provide their growing children the high amount of essential nutrients in a healthier and convenient package. We plan to launch this product by the first quarter of 2022 and sell the product through our stockists.

The schools in Malaysia represent an attractive market for us. While deepening our penetration, expansion into the school and canteen market via our home dealer network also allows us to improve brand recognition and instil brand loyalty within the student population in Malaysia. To target this market, we plan to introduce a 125 ml packaging variant and have obtained a licence with the licensing arm of an American multinational mass media and entertainment conglomerate corporation to launch a new packaging design with the characters based on American superhero comic books in the first half of 2022.

We plan to grow our Yarra Farm product portfolio to continue to capture a larger market share of UHT/ambient RTD milk segment and launch our Yarra by Farm Fresh range of products. This includes white milk, chocolate milk and strawberry milk at a lower price point than our Farm Fresh UHT product range, and utilises full cream milk powder as its main ingredient instead of fresh milk.

We will continue to explore expansion into other product categories such as non-dairy packaged food and beverage products, where we can leverage on our brand as well as manufacturing and distribution capabilities. We plan to expand into plant-based yoghurt products in the second half of 2022. This will serve as a natural extension of our plant-based line targeting consumers who are lactose intolerant or with dietary restrictions.

7.3.3 Regional expansion outside of Malaysia

We plan to increase our production capabilities in Australia through the expansion of our Kyabram Facility. As at the LPD, our existing Kyabram Facility is principally used for the processing of raw milk for use in our Malaysian midstream operations to produce finished UHT/ambient products for sale in Malaysia and Singapore. To a lesser extent, raw milk processed at our Kyabram facility is sold externally to customers in the Asia Pacific region. The Phase 2 Expansion of our Kyabram Facility will allow our Group to begin manufacturing UHT/ambient products at our Kyabram Facility to serve as an export hub to the Asia-Pacific region. For this purpose, we plan to purchase and install three additional filling and packaging lines to produce UHT/ambient milk products at our Kyabram Facility. We expect to begin (after receipt of all relevant approvals for the construction) the Phase 2 Expansion in the first half of 2022 and commence production of UHT/ambient products at our Kyabram Facility in the second quarter of 2023. We intend to use RM60.0 million or about 19.9% of the gross proceeds from the Public Issue to fund the Phase 2 Expansion within 18 months from the date of our Listing. See Section 4 of this Prospectus for more details.

In addition, we intend to leverage on the reputation of Australia's dairy products and utilise our Kyabram Facility as a base for exports to serve the growing demand in Malaysia and Singapore while also expanding into new markets within the Asia-Pacific region, such as Indonesia and the Philippines. Frost & Sullivan expects the RTD milk segment in Indonesia and the Philippines to grow at a CAGR of 9.3% and 6.5%, respectively, from 2020 to 2025.

We believe Indonesia is an attractive market for us, not just in terms of size and growth, but also on account of cultural similarities with Malaysia and the high demand for halal products. We are in the process of securing regulatory approvals including FDA approval which has been obtained for four of our products and will subsequently start exporting our products into Indonesia. Given the large addressable market, we will also explore establishment of processing facilities as well as a distribution network to replicate our success in Malaysia. We are likewise exploring new production and distribution capabilities in the Philippines where we believe there is also consumer demand for our products. We intend to use RM20.0 million or about 6.6% of the gross proceeds from the Public Issue in Indonesia and the Philippines, each, to establish new production and distribution capabilities. While the production facility is in construction, we will export UHT/ambient products from Malaysia to these warehouses in Indonesia and the Philippines, after which the products will be distributed by local third party distributors. Following the commencement of our processing facilities in Indonesia and the Philippines, we will increase our presence in these countries by importing frozen milk from our Kyabram Facility to be used as raw materials to manufacture our products locally. We expect the completion of the new processing facilities in Indonesia and the Philippines to each increase our total annual production capacity by about 20.8 million litres of finished products. See Section 4 of this Prospectus for more details.

As at the LPD, we are also attempting to apply our distribution capability and sales channel expansion capability in the Hong Kong market, where we are seeking opportunities to distribute, sell and merchandise our products. In January 2022, we incorporated FFM HK in order to facilitate the importation, marketing and FDA approval of certain of our dairy products and plant-based products from Malaysia. We aim to use FFM HK to replicate the success we have achieved from the sales and distribution of our products in Singapore.

7.4 Our key milestones

The following table highlights our key milestones:

Year	Key milestone
2009	Commenced our dairy farming operations involving the rearing of goats and sale of goat milk.
2011	Malaysian sovereign wealth fund Khazanah invested in The Holstein Milk Company Sdn Bhd (now known as Farm Fresh Berhad) via its wholly-owned vehicle, Agrifood Resources, acquiring about a 30% stake in the Company.
2012	Commenced processing operations at our Larkin Facility. Launched our first flavoured milk product, namely our Farm Fresh chocolate milk product. Launched our Farm Fresh colouring-free yoghurt.
2014	Commenced dairy farming activities at our Muadzam Shah Farm. Appointed "Anchor Company" for Muadzam Shah Cattle Research and Innovation Centre in Pahang.
2015	Entered into an agreement for the acquisition of AFS Dairy Company, granting the Company ownership of one of the largest remaining gene banks of the AFS dairy breed to further increase our supply of the AFS dairy breed. The acquisition was completed in 2017. Awarded "Best Dairy Farm" by Asia Livestock.
2016	Commenced distribution of our products in Singapore. Launched kurma (palm dates) RTD milk using pure kurma extract, becoming the first local player in Malaysia to do so.
2017	Our Desaru Farm became fully operational, providing additional fresh milk supply to our Group's processing facilities. Acquired Petabern Dairies, granting us access to Australian Holstein's pure-bred herd and resulting in the establishment of our first dairy farm in Australia, our Greater Shepparton Farm 1. Achieved the Good Agricultural Practices Certification accreditation from the DVS for our Muadzam Shah Farm.
2018	Launched our lactose-free milk, becoming the first local player in Malaysia to do so. Entered into an agreement, through THMC (Australia), to acquire our Greater Shepparton Farm 2, which is an additional dairy farm located adjacent to the Greater Shepparton Farm 1 in Australia to serve as additional landbank allowing further herd expansion. Commenced processing and manufacturing activities at our Muadzam Shah Farm. Launched our fresh milk-based UHT milk.

Year	Key milestone
2019	Entered into an agreement, through THMC (Australia), to acquire the Greater Shepparton Farm 3, which is an additional dairy farm located within the same vicinity as Greater Shepparton Farm 1 and Farm 2 in Australia to serve as additional landbank allowing further herd expansion and AFS breeding.
	Completed the acquisition of our Kyabram Facility through THMC (Australia), enhancing our capacity to process fresh milk in Australia and reducing our reliance on third parties for processed milk.
2020	Received the ASEAN Inclusive Business Award.
	Launched our oat milk, almond milk and chocolate soy milk products.
2021	Commenced farm operations at our Taiping Farm.
	Established our UPM Facility which we expect to commence operations in March 2022.
	Received the Certified Humane® farming accreditation from HFAC.
	Achieved the Good Agricultural Practices Certification accreditation from the DVS for our UPM Farm.
	Received the Asia Corporate Excellence & Sustainability Awards 2021 (ACES) as one of Asia's Best Performing Companies in November 2021.
2022	Received two awards at the Putra Brand Awards: Platinum Award in the Beverage – Dairy category and Putra Most Enterprising Brand of the Year in January 2022.
	As at LPD, we have 135 SKUs, including our newly launched A2 organic milk and banana milk.

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7.5 Our business

We are a fast-growing vertically integrated dairy group engaged in the business of farming, manufacturing and distributing various dairy and plant-based products. Our market share in the chilled RTD milk segment has tripled from 12% in 2015 to 36% in 2020. In the same period, we have more than doubled our market share in the yoghurt segment, from a 5% market share in 2015 to 11% in 2020. We entered the ambient RTD milk segment in 2018 and by 2020 we established an 8% market share, demonstrating significantly higher growth than the market. Our "grass-to-glass" business model covers all major stages of the dairy production process from farming to the processing of dairy and non-dairy products and distribution.

As at the LPD, we operate six dairy farms with a total dairy herd size of approximately 8,633 dairy cows and the capacity of housing a maximum number of 9,650 dairy cows. Our dairy farms are located in Malaysia and Australia with an aggregate gross land area of approximately 5,400 acres as at the LPD.

We also operate two processing facilities in Malaysia and one in Australia, which house in total 18 production lines. Based on our production capacity as at the LPD, we are able to produce approximately 137.0 million litres of finished dairy products and 84.0 million litres of processed milk annually.

By leveraging on our management expertise, we have been able to standardise our operating processes, including animal husbandry, breeding, feed management and designing comfortable living environments for our dairy cows. This has enabled us to consistently produce quality milk with safety standards based on the total plate count test that are comparable to the EU, which is among the world's highest industrial standards for milk and other dairies, and to sell our milk at appropriate prices.

We obtain the fresh milk used to produce our liquid milk products both from our own herd as well as from external third-party sources, and we are committed to delivering fresh milk-based products that are processed with no preservatives, artificial colours or foreign substances. We also use milk powder and other non-raw-milk materials in the production of a small proportion of our products, such as private label products and selected Yarra branded products. As at the LPD, our diverse product portfolio comprises well-recognised brands spanning multiple product segments, such as chilled RTD milk products, UHT/ambient products, plant-based products, yoghurt products and fruit jam, which are distributed across our multi-channel distribution network. Our chilled RTD milk, UHT/ambient products, yoghurt products, plant-based products, and fruit jam and sauces contributed 45.7%, 30.7%, 10.0%, 2.4% and 5.7% of our revenue in FYE 31 March 2021, respectively, and 48.3%, 27.8%, 9.0%, 2.0% and 6.1% of our revenue in FPE 30 September 2021, respectively. See Section 12.2.5(i) of this Prospectus for more details.

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With our animal husbandry, dairy farm operations, processing facilities and multi-distribution network, we are present across the value chain, at each of the upstream, midstream and downstream stages, of an integrated dairy industry as set out below:

Upstream	Midstream	Downstream
Farm management, animal husbandry and milking	Milk processing	Distribution
Our Group as at the LPD		
• Approximately 8,600 dairy cows in Malaysia and Australia • Access to own supply of cross-bred AFS-Holsteins, pure AFS and pure bred Holsteins • Ongoing research and development strategy to further improve the genetics of our cows and develop a superior gene pool locally via in-vitro fertilisation and selective breeding • Farm management and animal husbandry practices incorporating the right feed, optimal environmental conditions for our cows, most appropriate milking schedule and advanced milking stations	• Two processing facilities in Malaysia and one processing facility in Australia • Our Kyabram facility processes raw milk for use in our Malaysian midstream operations to produce finished UHT/ambient products. To a lesser extent, raw milk processed at our Kyabram facility is sold externally to customers in the Asia Pacific region. • Wide portfolio of products, comprising dairy products (RTD chilled milk, ambient/UHT and yoghurt products), plant-based products and fruit jam and sauces • Recognised brands such as Farm Fresh, Master Barista, Yarra Farm, Henry Jones and Nubian Goat's Milk, as well as OEM and private label products • Fresh milk output processed into our liquid milk products	• Multi-channel distribution model to facilitate sales of different products to address different customer markets • In Malaysia, distribution network comprises large format retailers, stockists/dealers, HORECA, export markets and convenience stores • In Australia, distribution network comprises large format retailers, HORECA and export markets

Our Farms and processing facilities

As at the LPD, we operate five dairy farms in Malaysia with an aggregate gross land area of about 2,829 acres, and one dairy farm in Australia with an aggregate gross land area of about 2,587 acres in Australia. We commenced operations at our Muadzam Shah Farm in 2014, Desaru Farm in 2017, UPM Farm in 2018 and Mawai Farm in 2019, and acquired our Greater Shepparton Farm in 2017. We also have expanded our dairy farm operations in Malaysia with the addition of a fifth farm, our Taiping Farm, which commenced construction in 2020. We have started housing dairy herd at our Taiping Farm in 2021 and have commenced farm operations since. We expect to commence full operations, including milk processing, at our Taiping Farm in the first half of 2022.

The dairy farms and processing facilities which we operate are situated within close proximity of our key farms in the respective jurisdictions which they are located. The maps below illustrate the location of our dairy farms and processing facilities in Malaysia and Australia:

The following table sets out the details of our existing farms as at the LPD. Details of our material properties leased/tenanted are set out in Annexure B of this Prospectus.

Farms	Muadzam Shah	Desaru	UPM	Mawai	Taiping	Greater Shepparton	Total
Commencement of construction	2014	2016	2017	2018	2020	-	**N/A**
Year of acquisition	N/A	N/A	N/A	N/A	N/A	2017[8], 2018[9] & 2019[10]	**N/A**
Commencement of commercial production	Dec-14	Sep-17	Sep-18	Oct-19	[7]Sep-21	Dec-17, Feb -19 & Apr-19	**N/A**
Area (acres)	[5]1,105	325	100	471	828	2,587	**5,416**
Current capacity (number of dairy herd)[1] [A]	[6]3,100	550	450	1,400	1,400	2,750	**9,650**
Number of milking cows [B]	1,459	256	200	645	28	1,160	**3,748**
Number of non-milking female cattle[2] [C]	1,540	238	212	659	724	1,512	**4,885**
Total dairy herd [D] = [B]+ [C]	2,999	494	412	1,304	752	2,672	**8,633**
Excess capacity (number of dairy herd)[3] [E] = [A]- [D]	101	56	38	96	648	78	**1,017**
Additional capacity that can be added to the farm[4] (number of dairy herd) [F]	2,500	-	-	534	1,900	200	**5,134**
Total capacity based on landbank size [G] = [A] + [F]	5,600	550	450	1,934	3,300	2,950	**14,784**
Total excess capacity based on current excess and additional capacity that can be added [G] - [D]	2,601	56	38	630	2,548	278	**6,151**

Notes:

(1) Based on current erected facilities at the respective farms. Capacity of the farm reflects capacity for dairy cows and does not include bulls.

(2) Comprises non-milking dairy herd, comprising female heifers (7-24 months), calves (0-6 months) and dry cows.

(3) The number of dairy herd after deducting the current capacity by the total number of dairy herd at the respective farms.

(4) Our Muadzam Shah Farm, Mawai Farm and Greater Shepparton Farm can be further expanded based on available land area. Facilities at our Taiping Farm are still being constructed for the additional capacity.

(5) Including the additional 500 acres of land from the Pahang State Development Corporation which we have agreed to sub-lease for a 30-year period.

(6) Not including the additional 500 acres of land sub-leased from the Pahang State Development Corporation, as it is still in the process of clearing. Upon completion, the 500 acres of land can house an additional 2,500 number of dairy herd.

(7) Completed in March 2021 with first heifer arrival and basic shed completed.

(8) Greater Shepparton Farm 1 was acquired in October 2017, and commenced operations in December 2017.

(9) An agreement to acquire Greater Shepparton Farm 2 was entered into in December 2018, and operations commenced in February 2019.

(10) An agreement to acquire Greater Shepparton Farm 3 was entered into in March 2019, and operations commenced in April 2019.

The construction of a standard dairy farm typically takes between 12 to 18 months. Upon completion of the essential facilities such as barns, we would bring in pregnant heifers and/or heifers, either directly from Australia or from another of our farms in Malaysia.

The table below summarises the total raw milk output and milk yield, as well as a breakdown of our dairy cows in respect of our farms in Malaysia and Australia for the periods indicated:

	FYE 31 March 2019	**FYE 31 March 2020**	**FYE 31 March 2021**	**FPE 30 September 2021**	**1 April 2021 up to the LPD**
Malaysia					
Total milking cows [(1)]	1,226	1,503	1,767	2,105	2,226
Total milk output (m litres)	6.8	7.9	8.9	5.4	10.0
Milk yield (litres/dairy cow/day) [(2)]	15.2	14.4	13.8	14.0	14.7
Australia					
Total milking cows [(1)]	1,001	1,296	1,242	1,209	1,232
Total milk output (m litres)	11.7	15.9	13.8	6.7	11.2
Milk yield (litres/dairy cow/day)[(2)]	32.1	33.7	30.5	30.2	29.8

Notes:

(1) Represents the average number over the number of months of the relevant period.

(2) Computed based on total milk output divided by daily average number of dairy cows that are producing milking cows.

Our Malaysian Farms

Muadzam Shah Farm

Our Muadzam Shah Farm is a vertically integrated farm with processing and manufacturing facilities on site, located in Pahang. It commenced operations in December 2014. We have rented the land which our Muadzam Shah Farm is on for three years from 5 April 2014 to 4 April 2017 with renewal for 10 further terms of three years each. We have accepted a 30-year sub-lease for an additional 500 acres of land from the Pahang State Development Corporation, bringing the total land size at our Muadzam Shah Farm to approximately 1,105 acres and increasing the farm's total capacity to house up to 5,600 dairy cows.

Our Muadzam Shah Farm is designed and built to contain certain features including a rotary milking system that allows us to milk up to approximately 400 cows per hour, tunnel-ventilated barns, insulated roofing, compost bedding packs and free-stall barns, an automated waste collection system, a sustainable waste to fertiliser management system through vermiculture, and a pasture area with fixed irrigation, ground wells and rain water reservoirs to ensure adequate water supply to support the farm operations. The milk produced at our Muadzam Shah Farm is processed at our Muadzam Shah Facility located on-site at the farm.

Mawai Farm

Our Mawai Farm is owned by Gem Organics and leased to FFMSB, both our wholly-owned subsidiaries. From 2014 to 2018, as part of our strategic plan of expansion, we operated our Mawai Farm as a feedlot and focused our resources on developing our Muadzam Shah Farm into a vertically integrated dairy farm. Our Mawai Farm subsequently reverted to a dairy farm in early 2019, with milk production commencing again in October 2019. Our Mawai Farm sits on an approximately 471-acre site and has a total farm capacity to house approximately 1,934 dairy cows as at the LPD. We own the land which our Mawai Farm is on.

Our Mawai Farm is designed and built to contain certain features including 2x36 stalls of rapid exit milking stations, fan-ventilated barns, compost bedding packs and free-stall barns and an automated waste collection system. We rely on spring water from the surrounding mountains near our Mawai Farm as a source of water supply to support our farm operations. The rapid exit milking system at our Mawai Farm allows us to milk up to approximately 200 cows per hour. The milk produced at our Mawai Farm is processed at our Larkin Facility.

Desaru Farm

Our Desaru Farm is a full-scale dairy farm located in Desaru, Johor. A full-scale dairy farm is a farm that has facilities covering all facets of dairy farm operations and typically includes barns, milking stations, pasture areas, feed mixing area and calf facilities. This is in contrast to other dairy farms with basic facilities such as a shed and milking stations, and of which calves are typically sold to external parties and animal feed purchased from external parties. Our Desaru Farm is operated by our wholly-owned subsidiary, Holstein Dairy (Desaru), and commenced operations in September 2017. It sits on an approximately 325-acre site and has a total farm capacity to house 550 dairy cows as at the LPD. We have entered into an agreement with BDSB which grants us the right to use the land for a period of 30 years. Please see Annexure B of this Prospectus for further details.

Our Desaru Farm is designed and built to contain certain features including 2x18 stalls of rapid exit milking stations, fan-ventilated barns, compost bedding packs and free-stall barns and an automated waste collection system. Our Desaru Farm also contains ground wells and rain water reservoirs to ensure adequate water supply to support the farm operations. The rapid exit milking system at our Desaru Farm allows us to milk up to approximately 100 cows per hour. The milk produced at our Desaru Farm is processed at our Larkin Facility.

UPM Farm

Our UPM Farm is a full-scale dairy farm and is also known as the UPM-FarmFresh Industry Centre of Excellence for dairy farming ("**ICoE**"), located in Selangor. It commenced operations in September 2018. It sits on an approximately 100-acre site which is owned by UPM and has a total farm capacity to house approximately 450 dairy cows as at the LPD. We have entered into an agreement with UPM which grants us the right to use the land for a period of five years from 14 August 2017 to 13 August 2022 with an option to renew for a further term of five years.

Our UPM Farm is part of our collaboration with UPM to establish the ICoE, which is intended to, amongst others, enhance research in areas related to dairy products, farming and develop our UPM Farm as an attraction under UPM's EduPark. Currently, our UPM Farm houses a visitor centre with an audio-visual room to educate the public on fresh milk and its benefits, dairy farming, dairy cows, a milk processing plant, and also organises dairy cow milking sessions and agritourism activities, which includes a greenhouse showcasing aquaponic and hydroponic systems, a petting zoo, a fighting fish aquarium, and a koi pond. On a day-to-day basis, the operations at our UPM Farm which relates to dairy farming and dairy products and agritourism are primarily run by us. Under the collaboration, UPM is entitled to 40% of the net commercial gain from sales of dairy products marketed under the UPM and Farm Fresh brand and proceeds arising from ticket sales and agritourism activities conducted by our UPM Farm.

Our UPM Farm is designed and built to contain certain features including 2x18 stalls of rapid exit milking stations, tunnel-ventilated barns, an automated waste collection system and a sustainable waste to fertiliser management system. Our UPM Farm also contains ground wells and rain water reservoirs to ensure adequate water supply to support the farm operations. The rapid exit milking system at our UPM Farm allows us to milk up to approximately 100 cows per hour. The milk produced at our UPM Farm is currently processed at our Larkin Facility, pending completion of our UPM Facility in March 2022.

Taiping Farm

We commenced construction of our Taiping Farm, located in Taiping, Perak, in October 2020. Our Taiping Farm is operated by our wholly-owned subsidiary, Holstein Selama Dairy, and will be constructed as a full-scale dairy farm. Our Taiping Farm sits on an approximately 828-acre site and is intended to have a total farm capacity to house an approximate 3,100 dairy cows. Our tenancy for the land is for a period of three years from 15 October 2019 to 14 October 2022. As at the LPD, the land planning and clearing process, grass planting and construction of the feedstore and three dairy barns have been completed.

Our Taiping Farm is designed and built to contain certain features including a state-of-the-art 60 bail rotary milking station, compost bedded tunnel-ventilated barns, a flood wash waste collection system, an automated waste collection system and a sustainable waste to fertiliser management system. Our Taiping Farm will also contain ground wells and rainwater reservoirs to ensure adequate water supply to support the farm operations. The rotary milking system at our Taiping Farm allows us to milk up to approximately 400 cows per hour. The milk produced at our Taiping Farm will be processed at our processing facility located on-site at the farm.

Our Australian Farms

Greater Shepparton Farm

In 2017, we acquired Petabern Dairies and set up our first dairy farm in Australia. Our acquisition of Petabern Dairies granted us access to the Australian Holstein's pure bred herd and genetics. Our Greater Shepparton Farm is a large-scale vertically integrated farm with processing and manufacturing facilities on site, located in Victoria, Australia. It is held by our subsidiary, THMC (Australia), and used by its wholly-owned subsidiary, Goulburn Valley Creamery, and commenced operations in December 2017. The Greater Shepparton Farm spans across three sites, namely, (i) Fidge Road & Lancaster Road, (ii) Neal Road & Norton Road, and (iii) Echuca Road, with the Neal Road & Norton Road and Echuca Road sites being acquired in 2018 and 2019, respectively, after the acquisition of the Fidge Road & Lancaster Road site in 2017. The three sites have a total size of approximately 2,587 acres, which gives our Greater Shepparton Farm the capacity to house an approximate 2,950 herd-size as at the LPD.

On 8 February 2022, we entered into an agreement to acquire a farm property at McEwan Road in Kyabram, Victoria, Australia, with a size of approximately 300 acres for a purchase consideration of AUD3.5 million. This new farm strategically fits into our expansion plans for our Kyabram Facility, as the proximity of the new farm to the Kyabram trade waste pond enables our Kyabram Facility to channel its waste water to the trade waste pond via the new farm. At the same time, the new farm is also able to source for water it requires from treated water from the trade waste pond instead of purchasing water from the local water utility company. The new farm will also be used for the AFS breed development for our Malaysian farms, enabling us to dispose of our 350-acre farm at Echuca Road, which we intend to finalise in the second quarter of 2022. The Echuca Road site, which we acquired in 2019, is currently one of three sites which make up our Greater Shepparton Farm. The completion of the acquisition of the farm property is conditional on us obtaining approval from the FIRB. We do not expect to experience any interruption to our business that may cause a significant effect on our operations arising from the acquisition of the new farm and potential disposal of our Group's farm at Echuca Road (if any).

Our Greater Shepparton Farm is designed and built to contain certain features including a rotary milking system, self-sufficient fodder production and hay production, vertically integrated dairy facilities, 24-a-side and 18-a-side swing over plant, cup remover, feed system, vat and plate cooler, stall gates, veterinary crush and other fixtures associated with a dairy plant. Our Greater Shepparton Farm also enjoys irrigation rights with high reliability water access entitlements to 1,009.8 megalitres of water from the Goulburn-Murray Rural Water Corporation, a statutory corporation of the local Victorian state government. The rotary milking system at our Greater Shepparton Farm allows us to milk up to approximately 280 cows per hour. The milk produced at our Greater Shepparton Farm is processed at our Kyabram Facility. The milk produced at our Greater Shepparton Farm was previously sold to third parties in Australia, prior to the establishment of our Kyabram Facility. We ceased the sale of 100% of the raw milk we produce to external parties since end September 2021 (save for instances where we have raw milk in excess of our processed milk requirements) and directed all raw milk produced at our Greater Shepparton Farm to our Kyabram Facility.

Farm management and animal husbandry

Breeding

As at the LPD, our herd is in the expansion phase, with AFS cows generally forming 40-60% of our overall herd size. At maturity, when our herd size is stable and no longer expanding, we intend for our herd to predominantly comprise AFS cows.

The success of our dairy breeding capabilities was underpinned by, amongst other factors, the securing of the access to the AFS gene pool and Holstein pure breed cows. In 2015, we acquired AFS Dairy Company, which resulted in us owning one of the largest gene banks of AFS tropical dairy breed globally, with both embryos and semen. The AFS breed of cows is generally more resilient and resistant to high humidity and temperatures. In 2017, we acquired Petabern Dairies to gain access to pure bred Holsteins. Holsteins generally have higher milk yields. As part of our breeding programme, we started to inseminate the Holstein heifers and the JF dams with AFS semen at our Greater Shepparton Farm before transporting the pregnant heifers to our Malaysian farms in order to combine the positive traits of both breeds of cows. We currently continue to breed pure AFS cows through our AFS gene bank and also pure Holsteins.

We have adopted a systematic breeding process focused on improving the genetic features of our herd and the measures of such process include (i) formulating and adapting breeding plans for our herd taking into consideration factors including breed, attributes, historical breeding record, historical milk yields (ii) adopting artificial insemination procedures (and failing which, natural breeding) (iii) employing sex-sorted frozen semen to increase the proportion of female calves born. We believe that our access to the AFS cattle gene bank and pure-bred Australian Holstein genetics gives us a competitive advantage as we are able to optimise the genetic mix of our dairy cows via IVF to develop the best tropical dairy cow breed. We have a dedicated IVF unit based in Malaysia which is focused on carrying out necessary research and development to achieve this.

As part of our breeding strategy, we identify dairy cows which weigh around 270kg to 300kg (approximately 60% of the mature weight of dairy cows) and display high performing tendencies across aspects such as milk yields, fertility levels, longevity and adaptability to harsh tropical environments ("**Super Cow**"). We then use an ultrasound guided ovum pick up probe to extract ovum from these Super Cows and conduct in-vitro fertilisation on the extracted ovum with superior semen before conducting an embryo transfer into a surrogate cow. A Super Cow in our herd using conventional assisted reproductive method typically produces one calf a year. IVF enables us to harvest oocytes from these superior dams and transfer them into inferior surrogate cows, and we expect that this would enable us to obtain up to 20 offspring per year from genetically superior dams. See also Section 7.12 of this Prospectus for further details.

As part of our breeding programme, we implemented an all-year round calving system to ensure optimal mix between milking and non-milking cows, which is also intended to ensure an adequate supply of fresh milk. Key components of our breeding programme include (i) a recording system to track the pedigree and performance of our cows, including milk recording, and (ii) the development of a nucleus herd of cows with superior traits as part of our IVF programme. Our breeding programme is used for both milking and non-milking cows.

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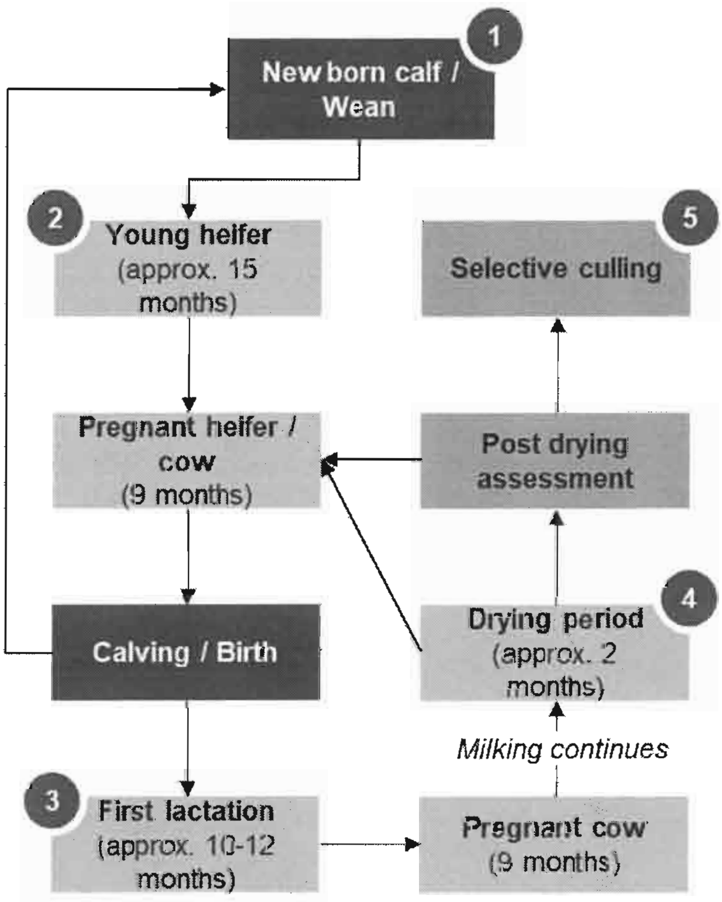
The diagram below sets out the typical lifecycle of a milking cow:



The process in the diagram above is summarised below, which sets out the birth cycle followed by the drying and assessment period.

1. **Newborn calves.** Newborn calves are cared for in a separate pen for a total of six months and given special care and diet. We milk the colostrum from the calves' mother, test it with a refractometer and if the quality is good, we will feed two litres of colostrum to the calves within six hours of birth. The balance of the colostrum is then fed to other calves whose mothers do not have the requisite colostrum. The calves are typically fed milk colostrum for the first four days and subsequently, calf milk replacement products in the first 10 weeks before being placed on a high protein feed diet thereafter. Similarly, the calf's mother is separately cared for before being reintroduced to the herd after 45 days of post-partum care.

2. **Heifers.** Heifers generally include dairy cows aged not less than six months until giving birth for the first time, which typically happens around the age of 24 months. We normally initiate the breeding process when a heifer is around 15 months and impregnated, primarily through artificial insemination of sexed semen to achieve significantly higher female calf birth rates. The pregnancy period typically lasts approximately nine months.

3. **Lactation period.** A heifer's lactation period begins the day after giving birth for the first time. As such, the heifer becomes a milking cow as early as at the age of 24 months.

   (a) Initially, colostrum is collected for four days to feed the newborn calf. From the fifth day onwards, fresh milk is collected until the end of the lactation period, which typically lasts about 10-12 months. After the post-partum care period of approximately 45 days ends, we may decide to artificially inseminate the milking cow again while in lactation.

   (b) Alternatively, after giving birth, we may decide to place the milking cow under the post-partum care programme for the first 30 days after calving, and not to artificially inseminate the milking cow again until approximately 30-45 days after the post-partum care period to ensure sufficient recovery time for the cow after the last parturition. The period of suspending insemination is commonly referred to as the "voluntary waiting period". Therefore, it typically takes around two to four months for a milking cow to become pregnant again after giving birth to its calf. Meanwhile, milking starts immediately after giving birth and continues during the voluntary waiting period.

4. **Dry period.** Following the lactation period, we will stop milking the pregnant cow for two months ahead of the projected date of calving, generally referred to as the "drying period". The drying period is essential to ensure proper preparation for labour and a high milk yield for the subsequent lactation period.

5. **Selective culling.** We typically undertake a stringent evaluation process for selective culling to optimise our costs. Generally, after the drying period, a post drying assessment is carried out to determine whether or not the dairy cow is fit to be impregnated again. Dairy cows which have been observed with inferior genetics are typically marked as 'Do Not Breed' while in lactation to ensure continual genetic progress and improvement, while those which were not pregnant during drying may be culled or sold to third parties subsequently. Typically, dairy cows are raised for six to seven years before they are culled or sold to third parties. Bulls are typically raised until they are two years old before they are sold to third parties.

Feeding

We use a total mixed ration feeding regime for all our dairy farms to ensure that our entire herd receives a ration that is well balanced both chemically and nutritionally. We mix concentrates such as corn, soybeans as well as various other locally available commodities and by-products with nutritious fresh grass which we grow in our farms along with the necessary vitamins and minerals in a machine called the TMR Wagon. This ensures that the feed is of the right mix and particle size so that every bite that our cows take is delicious, nutritious and well balanced for their nutritional requirements. Our feeding operations are led by our Group Senior Farm Manager. Our farm team monitors the feed on a weekly basis including checking for feed rejection by our dairy cows.

Farm management

We are committed to the welfare of dairy cows as part of our Group's culture of dairy farming, which we believe contributes to product quality. Our dairy farms are designed with the comfort of the dairy cows in mind. We ensure that all our dairy cows have a sufficient living space to ensure that they are comfortable. All our dairy farms have purpose-built barns with easy access to food and water, as well as clean and comfortable dry sand bedded areas that allow our dairy cows to eat, drink and relax freely. Over time, we are able to gain experience in the optimal structure and layout of the facilities in a farm to maximise efficiency of operations in the farm.

We then rely on such experience to configure or build our farms accordingly. For example, our Taiping Farm is built to take into consideration the operational flow and movement of the cows at each stage of the milking process so that delays during the milking process are minimised. Our Taiping Farm also caters for the rotary milking systems to achieve a more efficient milking process. Over the years, we have gained more knowledge and experience on the optimal housing and management systems required for dairy farming in the tropical environment that we operate in.

We have also introduced various initiatives and features across our barns with the strategic objective of increasing raw milk output, yields, productive longevity and overall well-being of our herd in a sustainable manner. For example, the barns at our Muadzam Shah Farm are installed with insulated roofing for better temperature. We have also built industrial fans, tunnel-ventilated barns (for our milking cows) and soakers in certain of our farms in order to better manage any heat stress that the dairy cows may suffer from. Compost bedded packs have also been installed to provide comfort for lactating cows. We have a strict policy against using milk boosting hormones and so, do not use any milk boosting hormones in our cows but choose to focus on ensuring the well-being and comfort of our cows instead. Save for breeding hormones which we use sparingly and are commonly used in the industry, we do not use any other hormones. We only use antibiotics for the treatment of certain diseases such as mastitis. We seek to ensure that the dairy cows treated with antibiotics observe the relevant withdrawal period so that the milk produced from such cows does not contain any antibiotics residue. We conduct antibiotic residue tests before accepting the milk for processing. Drug management is led by our veterinary team of three persons, who are responsible for drug and herd health management.

We intend to introduce various key features across our other farms in the future. For example, we will be installing large industrial fans at our Taiping Farm to achieve better ventilation in the barns.

As at the LPD, all of our Malaysian farms (save for our Taiping Farm which is still under construction) have been certified by HFAC, an international non-profit certification programme aimed at improving the lives of farm animals in food production from birth through slaughter. The goal of the programme is to improve the lives of farm animals by driving consumer demand for kinder and more responsible farm animal practices. The HFAC standards incorporate scientific research, veterinary advice, and the practical experience of farmers. The audit process seeks to ascertain whether the relevant farm is operated with good animal husbandry practices and good animal welfare practices. Key areas inspected include calf management, water provision and management and the provision of a nutritious diet free from antibiotics, hormones and growth promoters. The entire farm process (from calving, calf rearing to milking) is audited and checked rigorously. The environment where the animals are raised and housed is also inspected to ensure sufficient space, shade, lighting, thermal management, ventilation and ability to express natural behaviours. Following rigorous audits, visits, interviews and observations at our Malaysian farms, we received the Certified Humane® Raised and Handled® certification which is a testament that the dairy products produced from our farms meet the precise, objective standards for the humane treatment of farm animals.

We take the health of our herd seriously and have established strict herd biosecurity measures across our farms. These measures include (i) ensuring a close herd, where our cows do not graze beyond our boundaries, (ii) purchasing cattles from Australia, which is a Foot Mouth Disease free country, (iii) obtaining a veterinary health certificate in Australia and Malaysia for all the animals we purchase, (iv) strict entrance control with tyre dip and foot dip and hand sanitisation, and (v) having multiple farms across Malaysia and Australia, thus ensuring that the biosecurity risk is not concentrated in one area or farm. In addition, we have a qualified team comprising veterinarians as well as animal science and husbandry graduates which has primary care over the health of our herd. Regular vaccinations are also administered to the herd based on our overall herd health programme. Currently, we have also implemented RFID technology for automated monitoring of herd milk production and health status at our Muadzam Shah Farm and intend to implement this in the rest of our farms. We also carry out our routine hoof care and trimming programme to ensure that the hooves of all our animals are well trimmed and optimal for their weight distribution, balance and footing to ensure that they are able to stand and walk well at all times.

As part of ensuring the well-being and health of our herd, we are conscious of the feed and nutrition that we provide to our cows. We employ the total mixed ration method to develop different in-house feeds formula taking into consideration the different nutritional needs of the cows at different breeding cycles. In Australia, we also allow our cows to graze on the grass.

In addition, as part of our strive towards circular systems in our farm operations and to use resources in an efficient manner, we have implemented regenerative agriculture processes at our Muadzam Shah Farm and UPM Farm that focus on the treatment of solid animal waste and liquid animal waste for reuse in our operations. See Section 7.15.3 of this Prospectus for more details. Waste management at our farms is undertaken by our pasture executives, and the treatment of carcass is monitored by our veterinary team. We plan to incorporate regenerative agricultural practices at our Taiping Farm once it is fully operational.

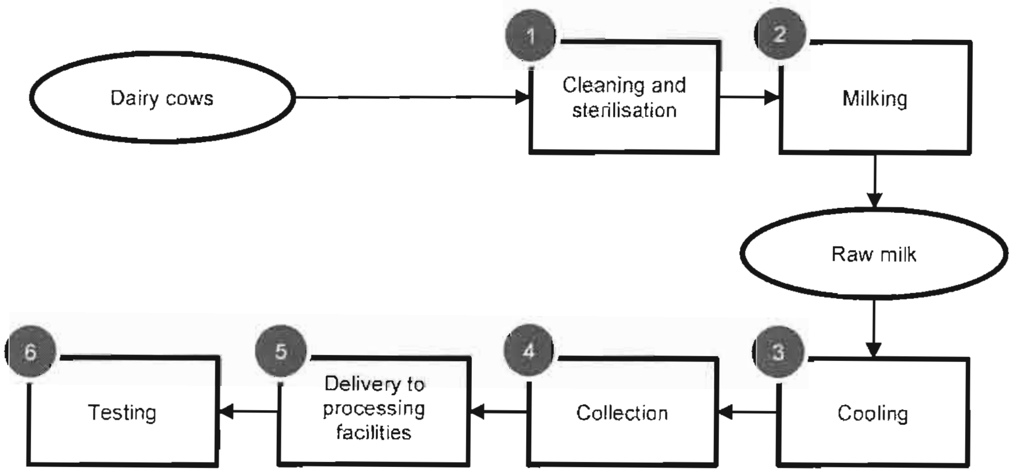
Milking

To maintain a high milk yield during the milking cow's lactation cycle, we keep a consistent milking interval of two milking sessions a day. Each milking session typically lasts four to six hours. We milk our dairy cows primarily using imported milking systems, which are highly automated and require minimal involvement of individual workers during the milking process as they directly pipe the fresh milk to our central milk tank from our dairy cows. Our milk will first pass through a plate heat exchanger system which is designed to chill the fresh milk within seconds before the milk is then transferred to and stored in our central milk tank that contains a built-in milk chilling feature to ensure that the milk is stored at the optimum temperature before being processed.

Our Muadzam Shah Farm and Greater Shepparton Farm employ a rotary milking system with the capacity to milk up to approximately 400 and 280 cows per hour respectively. The 2x36 stalls of rapid exit milking stations at our Mawai Farm have the capacity to milk up to approximately 200 cows per hour and the 2x18 stalls of rapid exit milking stations at our Desaru Farm and UPM Farm have the capacity to milk up to approximately 100 cows per hour.

We place great emphasis on quality control and have implemented strict hygiene standards at all of our milking facilities as well as during the milking process. All of the fresh milk produced in our farms is stringently tested upon reaching our processing plant including total bacterial count testing, veterinary drug testing, somatic cell testing and pathogenic bacteria testing, to ensure consistency in the quality of our fresh milk and compliance with applicable milk safety and processing standards.

The process in the diagram below illustrates our milking process:



1. **Cleaning and sterilisation.** Before milking, we clean and sterilise the teat cups, and spray the udders and teats of our dairy cows with sanitising fluid. The udders and teats of cows are wiped dry with dry towels after sterilisation.

2. **Milking.** To commence the milking process, our dairy workers will attach the teat cups, which are connected directly to an automatic pump and a temperature-controlled central milk tank, to our dairy cows' udders.

3. **Cooling.** After completion of the milking process, raw milk will be immediately cooled to around 4°C.

4. **Collection.** All the cooled milk will flow directly to our central milk tank and stored at around 4°C.

5. **Delivery to processing facilities.** We directly pipe the raw milk from our central milk tank to thermo-insulated milk trucks and delivery is made to our processing facilities.

6. **Testing.** We carry out testing and inspection once it arrives at our processing facilities, with the exception of our Muadzam Shah Farm, where testing is done at our farm central milk tank.

The entire milking process in some of our farms, namely our Muadzam Shah Farm and UPM Farm, are monitored via CCTV systems in our control room and our computer systems that record data from our dairy farms. Due to its remote location and poor internet connectivity, we do not deploy CCTV systems at both our Mawai Farm and Desaru Farm and instead have the milking process monitored by our supervisors.

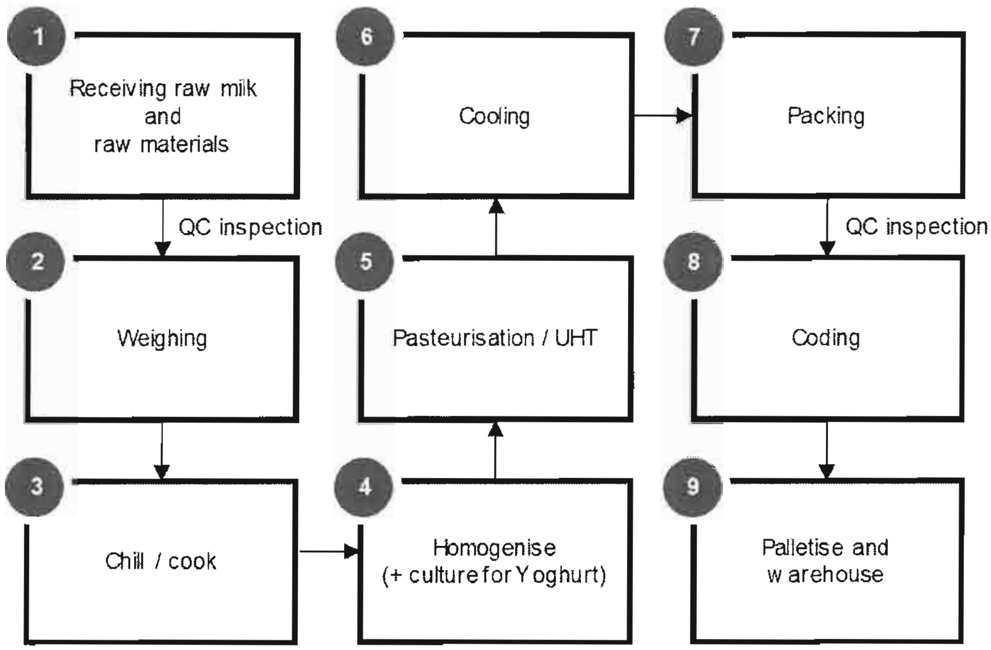
Our processing facilities

All the fresh milk we produce is processed into different types of liquid milk products at our processing facilities. Due to the various requirements in packaging processes, packaging materials and packaging sizes, different types of packages require different packaging equipment. We plan and design our production facilities based on the long-term outlook of the dairy products market and install packaging equipment accordingly.

Our processing facilities are fitted with modern dairy processing equipment such as pasteurisation, UHT processing as well as filling and packaging lines.

Process flow for pasteurised/UHT white milk, flavoured milk and yoghurt

The diagram below sets out an illustration of the manner in which raw milk is processed into our different liquid milk products:



Note: The process flow above is applicable to our processing facilities in Malaysia which produces finished goods. Please see below for the process flow at our Kyabram Facility in Australia.

1. All raw materials received are kept in a warehouse, cold room or chiller tanks. Raw milk will be delivered by a chiller tanker and will also be subject to quality control checks including on pH levels (6.5 to 6.8), composition (minimum total dissolved solid of at least 11.75%), methylene blue reduction test (should not change colour for more than four hours), antibiotic residue test, total plate count (less than 1 million) and ensuring that there is no presence of alcohol. Similar quality control tests are also performed on frozen milk once it is received in Kyabram. Milk which fails the quality control checks will be rejected.

2. Weighing of raw materials will then be carried out.

3. White (i.e. unflavoured) fresh milk is kept chilled in insulated chilled tanks while flavoured, chilled, pasteurised, and white and flavoured UHT go through a cooking process at 80-90°C.

4. Homogenisation then takes place for the milk products. For yoghurt products, cultures are added to the milk mixture and left to undergo a fermentation process before homogenisation.

5. Pasteurisation then takes place at varying temperature levels and time periods depending on the underlying product.

6. The products then go through a cooling process immediately after pasteurisation.

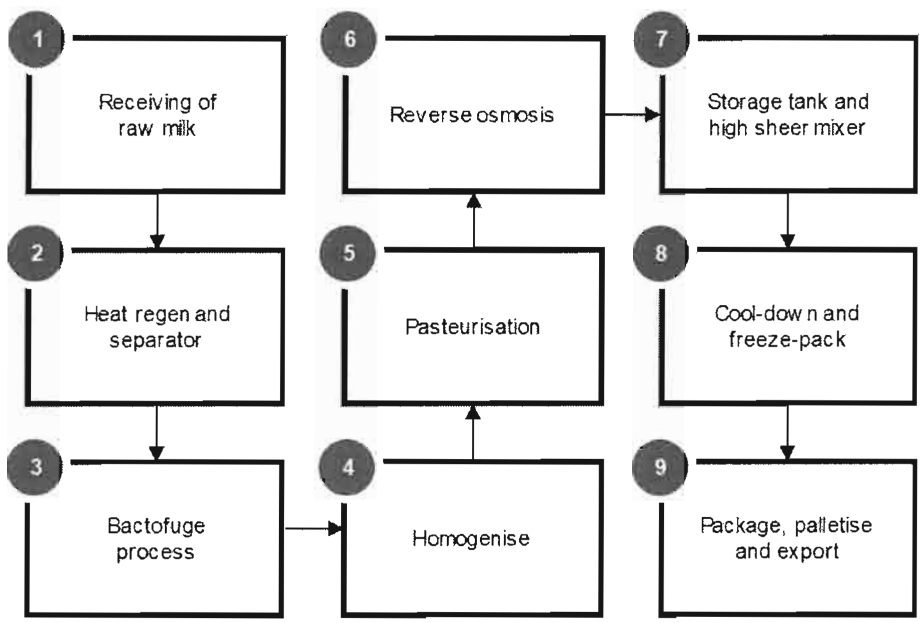
7. The packing of the products is carried out via filling machines. The packed products are also subject to another round of quality control checks involving a packaging integrity check, microbe checks and pH level checks.

8. The final packaged product will be coded with a batch number and a product expiration date.

9. The finished goods are packed and sorted into pallets and wrapped in preparation for transport and distribution.

Process flow for our Kyabram Facility

The diagram below sets out an illustration of the manner in which raw milk from our Greater Shepparton Farm and raw milk that we purchase from third party suppliers are processed in our Kyabram Facility before being shipped to our farms and processing facilities in Malaysia:



Note: The process flow above is applicable to our Kyabram Facility in Australia, which processes raw milk.

1. Raw milk is received in the raw milk balance tank.

2. The milk goes through a heat regeneration process to separator and the separated cream is sent to cream storage tank.

3. Milk is sent to bactofuge, where bacteria is spun off.

4. The milk goes through homogenisation process.

5. Milk is pasteurised.

6. Milk is then sent to reverse osmosis membrane process.

7. The skimmed milk concentrate is sent to storage tanks. A high shear mixer mixes the cream separated in step 2 above.

8. Cool down and freeze-pack process, after which the coding of the products is done and metal detector test is conducted to check the products.

9. Frozen milk concentrate is packaged and palletised for export.

As part of our business growth, we have been investing in manufacturing facilities to manufacture finished products and process raw milk required for our operations. As at the LPD, we have a total of three processing facilities, consisting of two facilities with a total of 18 filling and packaging lines in Malaysia, and one facility with one raw milk processing line in Australia.

Our total annual production capacity, which represents the effective production capacity of our lines as well as production capacity that has been installed but is not yet operational for a full financial year, is 137.0 million litres of finished products and 84.0 million litres of processed milk as at the LPD.

The table below summarises the production capacities and utilisation rates of our processing facilities for the periods indicated:

Processing facility	FYE 31 March 2019			FYE 31 March 2020			FYE 31 March 2021		
	Production capacity(1)	Actual production volume(2)	Utilisation rate(3)	Production capacity(1)	Actual production volume(2)	Utilisation rate(3)	Production capacity(1)	Actual production volume(2)	Utilisation rate(3)
	('000 litres)	('000 litres)	(%)	('000 litres)	('000 litres)	(%)	('000 litres)	('000 litres)	(%)
Finished products									
Muadzam Shah Facility	(4)28,634	7,681	26.8	46,429	22,209	47.8	56,936	38,330	67.3
Larkin Facility	42,554	20,325	47.8	52,554	25,916	49.3	52,554	38,306	72.9
	71,188	**28,006**	**39.3**	**98,983**	**48,125**	**48.6**	**109,490**	**76,636**	**70.0**
Processed milk									
Kyabram Facility	-	-	-	-	-	-	**(5)38,500**	**21,551**	**56.0**

Processing facility	FPE 30 September 2021			1 April 2021 up to the LPD		
	Production capacity(1)	Actual production volume(2)	Utilisation rate(3)	Production capacity(1)	Actual production volume(2)	Utilisation rate(3)
	('000 litres)	('000 litres)	(%)	('000 litres)	('000 litres)	(%)
Finished products						
Muadzam Shah Facility	34,563	19,988	57.8	59,307	34,100	57.5
Larkin Facility	31,380	20,493	65.3	52,300	32,958	63.0
	65,943	**40,481**	**61.4**	**111,607**	**67,058**	**60.1**
Processed milk						
Kyabram Facility	**42,000**	**21,972**	**52.3**	**(5)70,000**	**38,184**	**54.5**

Notes:

(1) Production capacity is calculated based on our effective production capacity after taking into consideration downtime for cleaning-in-place and replenishment of packaging materials (required for our filling and packaging lines), scheduled maintenance and other reasons, multiplied by the number of days during which such production capacity was available.

(2) Actual production volume is based on the actual production output for the relevant period.

(3) Utilisation rate is calculated by dividing actual production volume by production capacity for the relevant period.

(4) Our Muadzam Shah Facility commenced operations in June 2018.

(5) Our Kyabram Facility commenced operations in October 2020.

We regularly review the scale of our operations and make continual investments in new or existing production lines with the aim of capturing growth in the market of our products. In particular, we installed additional filling and packaging lines such that the number of our lines in Malaysia increased from 12 as at 31 March 2019 to 16 as at 31 March 2021 and further increased to 18 as at the LPD.

The utilisation rates of our facilities are driven by prevailing demand and actual orders for our products. However, the expansion of our business operations has historically been driven by production capacity growth and a subsequent increase in utilisation.

Our historical utilisation rates were low in periods when we built significant capacity in anticipation of future demand for certain products.

Our Directors believe that our capacity utilisation strategies position us well to benefit from growth opportunities, allowing us to accept more orders from our existing customers, while also expanding our customer base.

For example, we completed the installation of three additional filling and packaging lines at our Muadzam Shah Facility, with one installed in each of April 2018, July 2018 and August 2018, respectively, which in aggregate increased total production capacity by 28.6 million litres. However, as the lines were only operated from June 2018, July 2018 and August 2018, respectively, the overall utilisation rate of our Muadzam Shah Facility was 26.8% for the FYE 31 March 2019. We continued to increase our production capacity by subsequently installing two more new lines at our Muadzam Shah Facility each in July 2019 and September 2019 and another two new lines in January 2021, increasing production capacity for FYE 31 March 2020 and FYE 31 March 2021 by 62.1% and 22.6%, respectively. As a result of the increasing demand for our UHT products in the ensuing periods, the utilisation rates of our Muadzam Shah Facility grew by 78.4% and 40.8% in FYE 31 March 2020 and FYE 31 March 2021, respectively, exceeding the growth in production capacity for the same periods. In FPE 30 September 2021, an additional line was installed which correspondingly reduced the utilisation rates by 14.1%.

Similarly, at our Larkin Facility, we installed four additional filling and packaging lines, one each in April 2018, August 2018, March 2019 and April 2021 to cater to anticipated future demand for our RTD chilled milk and yoghurt products. The utilisation rate at our Larkin Facility had slightly increased by 3.1% in the FYE 31 March 2020 compared to FYE 31 March 2019 and further improved by 47.9% in FYE 31 March 2021 due to higher demand for our RTD chilled milk and yoghurt products during the year. In FPE 30 September 2021, an additional line item was installed which correspondingly reduced the utilisation rates by 10.4%.

From 1 April 2021 up to the LPD, we have further expanded our total production capacity by installing one additional UHT filling and packaging line at our Muadzam Shah Facility in August 2021, and one additional filling and packaging line for RTD chilled milk at our Larkin Facility in April 2021. Accordingly, as at LPD, we have 18 packaging and filling lines with a total production capacity of 137.0 million litres of finished products and 84.0 million litres of processed milk.

Our ability to meet the additional demand for dairy products would also depend on further investments in additional production capacity in existing and new locations. We have plans to expand our production capacity for finished products over the next three years by (i) setting up new processing facilities, (ii) setting up a new manufacturing hub in the greater central region of Peninsular Malaysia, (iii) setting up an integrated processing facility dairy farm, (iv) expanding our Kyabram Facility to include the production of UHT/ambient products, and (v) installation of new filling and packaging lines at our existing processing facilities.

For further details on our expansion plans, see Sections 7.3.1 and 7.3.3 of this Prospectus.

7.5.1 Our products

We offer a variety of products such as dairy products, plant-based products and fruit jam and sauces. Our dairy products comprise chilled RTD milk, UHT/ambient products, and yoghurt products under Farm Fresh and related brands.

While we have previously sold 100% of the raw milk we produce to third parties, we have, since end September 2021, ceased selling the raw milk produced at our Greater Shepparton Farm to third parties going forward (save for instances where we have raw milk in excess of our processed milk requirements). The milk from our Greater Shepparton Farm is channelled to our Kyabram Facility. In addition, during the FPE 30 September 2021, our Directors have decided to rationalise the existing business of Henry Jones Foods, which would involve, amongst other things, downsizing the fruit jam business.

The following table sets out our key product portfolio by category and brand:

Product category	Major ingredients/ protein content	Product offerings	Brands	Shelf life
Chilled RTD milk	• Pasteurised milk • Protein average:3.4 % • Calcium: 122mg/100 ml	Full Cream Fresh Milk Skinny (Low Fat) Milk Kurma Flavoured Milk Chocolate Flavoured Milk Coffee / Café Latte Flavoured Milk Lactose Free Fresh Milk Lactose Free Skinny (Low Fat) Milk Master Barista Full Cream Fresh Milk Skimmed Milk Nubian Goat Milk / Chocolate Milk Henry Jones Organic A2 Protein Milk Banana Flavoured Milk	Farm Fresh Yarra Farm Master Barista Nubian Goat's Milk Henry Jones	25-28 days in low temperature (2°C-4°C)
UHT/ambient products	• Milk • Protein: above 3.4% • Other flavouring	Coffee / Café Latte Flavoured UHT Milk Chocolate Flavoured UHT Milk	Farm Fresh Yarra Farm	Average of six months at room temperature

Product category	Major ingredients/ protein content	Product offerings	Brands	Shelf life
		Kurma Flavoured UHT Milk		
		Tongkat Ali Coffee / Café Latte Flavoured UHT Milk	Henry Jones	
		Full Cream UHT Milk		
		Master Barista Full Cream UHT Milk		
		Full Cream UHT Fresh Milk		
		Australian Full Cream UHT Fresh Milk		
		Australian Low Fat UHT Milk		
		Henry Jones Organic A2 Protein UHT Milk		
		Lactose Free UHT Fresh Milk		
		Banana Flavoured Milk		
Yoghurt products	• Milk	Natural Full Cream Yoghurt	Farm Fresh	40 days in low temperature (2°C-4°C)
	• Protein: Minimum of 2.2% to 5.8%	Natural Skinny (Low Fat) Yoghurt		
		Farm Yoghurt	Yarra Farm	
	• Fruit pulps	Greek Yoghurt		
	• Other flavouring	Lychee Flavoured Yoghurt Drink		
		Fruit Punch Flavoured Yoghurt Drink		
		Mixed Berries Flavoured Yoghurt Drink		
		Strawberry Flavoured Yoghurt Drink		
		Mango Flavoured Yoghurt Drink		
		Original Flavoured Yoghurt Drink		

Product category	Major ingredients/ protein content	Product offerings	Brands	Shelf life
		Mixed Berries Flavoured UHT Yoghurt Drink Strawberry Flavoured UHT Yoghurt Drink Mango Flavoured UHT Yoghurt Drink Original Flavoured UHT Yoghurt Drink		
Plant-based products	• Water and grain • Protein: Minimum of 1.3% to 5% • Other flavouring	Soy Milk (Original & Unsweetened) Oat Milk UHT Soy Milk – Original UHT Soy Milk – Chocolate Flavoured UHT Soy Milk (Original & Unsweetened) UHT Oat Milk	Farm Fresh	Six months at room temperature
Sauces	• Water • Sugar • Canola Oil • Food Acid (Acetic) • Salt • Protein: Minimum of 0.1% to 5.1%	Honey Soy Marinade Satay Marinade Avocado and Garlic Dressing Mango Vinegarette Balsamic Vinegarette Thai Satay Peanut Satay Thai Green Curry Kashmiri Butter Chicken Massaman Curry Seafood Cocktail Tartare	Taylor's	18 – 24 months in dry store conditions

Chilled RTD milk

We market various chilled RTD milk products under different brands. Our Farm Fresh branded chilled RTD milk products are pasteurised milk made from raw milk. Pasteurisation is generally adopted in the dairy industry to reduce the risks of disease from microbial growth while preserving the nutrients of fresh milk. We believe that the formulation of protein and fat content of our fresh milk products contributes to the smooth and rich taste of our chilled RTD milk products. The table below sets out certain information on our chilled RTD milk products as at the LPD:

	Brand / Product	Suggested retail price	Features
	Farm Fresh Full Cream Fresh Milk	RM3.20 to RM3.70 (200ml) RM5.30 to RM5.80 (568ml) RM7.70 to RM8.40 (1L) RM14.70 to RM15.70 (2L)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Skinny (Low Fat) Milk	RM3.20 to RM3.70 (200ml) RM5.30 to RM5.80 (568ml) RM7.70 to RM8.40 (1L) RM14.70 to RM15.20 (2L)	• Protein content Min 3.4g/100ml • Fat Content Max 1.5g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Kurma Flavoured Milk	RM3.20 to RM3.70 (200ml) RM7.90 to RM8.40 (700ml)	• Protein content Min 3.5g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 158mg/100ml • Real Kurma date concentrate
	Farm Fresh Chocolate Flavoured Milk	RM3.20 to RM3.70 (200ml) RM5.50 to RM6.00 (568ml) RM7.90 to RM8.40 (1L)	• Protein content Min 3.2g/100ml • Fat Content Min 4.0g/100ml • Calcium Content Min 104mg/100ml

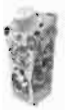
	Brand / Product	Suggested retail price	Features
	Farm Fresh Coffee / Café Latte Flavoured Milk	RM3.70 to RM4.20 (200ml) RM10.50 to RM11.00 (700ml)	• Protein content Min 3.4g/100ml • Fat Content Min 3.6g/100ml • Calcium Content Min 136mg/100ml
	Farm Fresh Lactose Free Fresh Milk	RM8.40 to RM8.90 (1L)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Lactose Free Skinny (Low Fat) Milk	RM8.40 to RM8.90 (1L)	• Protein content Min 3.4g/100ml • Fat Content Max 1.5g/100ml • Calcium Content Min 122mg/100ml
	Yarra Farm Full Cream Fresh Milk	RM7.70 to RM8.40 (1L)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml
	Yarra Farm Skinny (Low Fat) Milk	RM7.70 to RM8.40 (1L)	• Protein content Min 3.4g/100ml • Fat Content Max 1.5g/100ml • Calcium Content Min 122mg/100ml
	Master Barista Full Cream Fresh Milk	RM6.30 (1L)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml

	Brand / Product	Suggested retail price	Features
	Yarra Farm Skimmed Milk	RM6.30 (1L)	• Protein content Min 4.1g/100ml • Fat Content Max 0.1g/100ml • Calcium Content Min 239.5mg/100ml
	Nubian Goat Milk	RM5.50 to RM6.30 (200ml)	• Protein content Min 3.0g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 137mg/100ml
	Henry Jones Organic A2 Protein Milk	RM9.90 (1L)	• Protein content Min 3.5g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 130mg/100ml
	Banana Flavoured Milk	RM8.90 (700ml)	• Protein content Min 2.9g/100ml • Fat Content Min 3.2g/100ml • Calcium Content Min 97mg/100ml

UHT/ambient products

We market various UHT/ambient milk products under different brands. Compared to our fresh milk products, our UHT/ambient milk products have longer shelf life. We also offer flavoured UHT milk. The table below sets out certain information on our UHT/ambient milk products as at the LPD:

	Brand / Product	Suggested retail price	Features
	Farm Fresh Coffee / Café Latte Flavoured UHT Milk	RM2.60 to RM3.00 (200ml)	• Protein content Min 3.4g/100ml • Fat Content Min 3.6g/100ml • Calcium Content Min 136mg/100ml

	Brand / Product	Suggested retail price	Features
	Farm Fresh Chocolate Flavoured UHT Milk	RM1.25 to RM1.40 (125ml) RM2.30 to RM2.60 (200ml) RM7.40 to RM7.90 (1L)	• Protein content Min 3.1g/100ml • Fat Content Min 3.4g/100ml • Calcium Content Min 102mg/100ml
	Farm Fresh Kurma Flavoured UHT Milk	RM1.40 to RM1.50 (125ml) RM2.40 to RM2.80 (200ml) RM10.00 to RM10.90 (1L)	• Protein content Min 3.4g/100ml • Fat Content Min 3.6g/100ml • Calcium Content Min 100mg/100ml
	Farm Fresh Tongkat Ali Coffee / Café Latte Flavoured UHT Milk	RM3.70 to RM3.90 (200ml)	• Protein content Min 2.4g/100ml • Fat Content Min 3.5g/100ml • Calcium Content Min 145.4mg/100ml
	Yarra Full Cream UHT Milk	RM4.90 to RM5.20 1L	• Protein content Min 3.2g/100ml • Fat Content Min 3.5g/100ml • Calcium Content Min 127mg/100ml
	Yarra Master Barista Full Cream UHT Milk	RM5.70 to RM6.00 (1L)	• Protein content Min 3.3g/100ml • Fat Content Min 3.3g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Full Cream UHT Fresh Milk	RM1.25 to RM1.40 (125ml) RM2.30 to RM2.60 (200ml) RM7.40 to RM7.90 (1L)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml

7. BUSINESS OVERVIEW *(Cont'd)*

	Brand / Product	Suggested retail price	Features
	Farm Fresh Australian Full Cream UHT Fresh Milk	RM7.50 to RM8.00 (1L)	• Protein content Min 3.3g/100ml • Fat Content Min 3.6g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Australian Low Fat UHT Milk	RM7.50 to RM8.00 (1L)	• Protein content Min 3.3g/100ml • Fat Content Max 1.5g/100ml • Calcium Content Min 122mg/100ml
	Henry Jones Organic A2 Protein UHT Milk	RM2.90 to RM3.10 (200ml) RM8.90 to RM9.90 (1L)	• Protein content Min 3.5g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 130mg/100ml
	Farm Fresh Lactose Free UHT Fresh Milk	RM2.60 to RM2.80 (200ml)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml • Lactose content max 0.05mg/100ml
	Farm Fresh Banana Flavoured UHT Milk	RM2.60 to RM2.80 (200ml)	• Protein content Min 2.9g/100ml • Fat Content Min 3.2g/100ml • Calcium Content Min 97mg/100ml

Yoghurt products

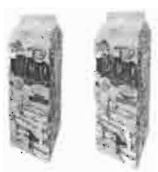
We market various yoghurt products under different brands. Our yoghurt products are made by cultivating live lactic acid bacteria in our milk. In addition to plain yoghurt, we offer flavoured yoghurt by blending plain yoghurt with fruit pulp, farm yoghurt and greek yoghurt. The table below sets out certain information on our yoghurt products as at the LPD:

	Brand / Product	Suggested retail price	Features
	Farm Fresh Natural Full Cream Yoghurt	RM6.05 to RM6.85 (400G) RM16.25 to RM16.75 (1.5KG)	• Protein content Min 3.4g/100ml • Fat Content Min 3.8g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Natural Skinny (Low Fat) Yoghurt	RM6.05 to RM6.85 (400G) RM16.25 to RM16.75 (1.5KG)	• Protein content Min 3.4g/100ml • Fat Content Max 1.5g/100ml • Calcium Content Min 122mg/100ml
	Farm Fresh Farm Yoghurt (Mixed Berries, Strawberry, Mango, Peach, Apricot, Fig, Pumpkin, Durian & Original Flavoured)	RM2.55 to RM4.20 (120G)	• Protein content Min 3.5g/120g • Fat Content Min 3.8g/120g • Calcium Content Min 134.5mg/120g
	Farm Fresh Greek Yoghurt (Apricot with seeds, Mulberries & Strawberries, Peach & Aloe Flavoured)	RM3.70 to RM4.50 (120G)	• Protein content Min 5.8g/120g • Fat Content Min 5.8g/120g • Calcium Content Min 276.6mg/120g
	Yarra Farm Natural Yoghurt	RM6.20 to RM6.80 (470G) RM14.60 to RM15.20 (1.4KG)	• Protein content Min 4.1g/100g • Fat Content Max 1.6g/100g • Calcium Content Min 142mg/100g

	Brand / Product	Suggested retail price	Features
	Farm Fresh Yoghurt Drink (Lychee, Fruit Punch, Mixed Berries, Strawberry, Mango & Original)	RM2.50 to RM3.10 (200ML) RM5.50 to RM6.30 (700ML)	• Protein content Min 2.2g/100mL • Fat Content Max 1.2g/100mL • Calcium Content Min 115mg/100mL
	Farm Fresh UHT Yoghurt Drink (Mixed Berries, Strawberry, Mango, Original Flavoured)	RM2.20 to RM2.50 200ml	• Protein content Min 2.2g/100ml • Fat Content Max 1.2g/100ml • Calcium Content Min 115mg/100ml

Plant-based products

We market various plant-based products under different brands. We currently offer soy milk, oat milk and almond milk under our plant-based product range. These plant-based products are lactose free and vegan. The table below sets out certain information on our plant-based products as at the LPD:

	Brand / Product	Suggested retail price	Features
	Farm Fresh Soy Milk (Original & Unsweetened)	RM6.50 to RM7.00 (1L)	• Protein content Min 3.1g/100ml • Fat Content Min 1.6g/100ml • Calcium Content Min 34mg/100ml • Lactose free • Vegan
	Farm Fresh Oat Milk	RM13.90 to RM14.50 (1L)	• Protein content Min 1.6g/100ml • Fat Content Max 2.5g/100ml • Calcium Content Min 51.8mg/100ml • Lactose free • Vegan

7. BUSINESS OVERVIEW *(Cont'd)*

	Brand / Product	Suggested retail price	Features
	Farm Fresh UHT Soy Milk – Original	RM1.70 to RM1.90 (200ml) RM6.00 to RM6.50 (1L)	• Protein content Min 3.9g/100ml • Fat Content Min 1.8g/100ml • Calcium Content Min 96.5mg/100ml • Lactose free • Vegan
	Farm Fresh UHT Soy Milk – Chocolate Flavoured	RM1.70 to RM1.90 (200ml) RM6.00 to RM6.50 (1L)	• High Protein content Min 5g/100ml • Fat Content Min 2.4g/100ml • Calcium Content Min 120mg/100ml • Lactose free • Vegan
	Farm Fresh UHT Almond Milk (Original & Unsweetened)	RM3.50 to RM3.70 (200ml) RM13.00 to RM13.50 (1L)	• Protein content Min 1.3g/100ml • Fat Content Min 3.1g/100ml • Calcium Content Min 130.6mg/100ml • Lactose free • Vegan
	Farm Fresh UHT Oat Milk	RM3.50 to RM3.70 (200ml) RM13.00 to RM13.50 (1L)	• Protein content Min 1.6g/100ml • Fat Content Min 2.5g/100ml • Calcium Content Min 6.9mg/100ml • Lactose free • Vegan

Sauces

We market various sauce products under the Taylor's brand offering a selection of gourmet sauces and marinades. Our sauce products include various flavour varieties. The table below sets out certain information on our sauce products as at the LPD:

Brand	Suggested retail price	Features
Taylor's	AUD3.00 (250ml) AUD4.50 (350ml-525ml) AUD35.0 (4 litres)	• Gourmet marinades, sauces and mayonnaise • Various flavours available

The following tables set out the breakdown of our revenue by product categories and the percentage these revenues represent as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Dairy products						
Chilled RTD milk	116,939	65.6	156,757	51.7	224,379	45.7
UHT/ambient products	12,680	7.1	73,887	24.4	150,760	30.7
Yoghurt products	31,693	17.8	39,871	13.2	48,623	10.0
	161,312	**90.5**	**270,515**	**89.3**	**423,762**	**86.4**
Plant-based products	1,075	0.6	1,949	0.6	11,889	2.4
Fruit jam and sauces[(1)]	-	-	7,540	2.5	27,984	5.7
Raw milk[(2)]	15,840	8.9	22,649	7.5	23,731	4.8
Others[(3)]	-	-	414	0.1	3,132	0.7
Total revenue	**178,227**	**100.0**	**303,067**	**100.0**	**490,498**	**100.0**

	FPE 30 September			
	2020		2021	
	RM'000	%	RM'000	%
Dairy products				
Chilled RTD milk	110,528	47.1	124,250	48.3
UHT/ambient products	69,475	29.7	71,519	27.8
Yoghurt products	24,427	10.4	23,083	9.0
	204,430	**87.2**	**218,852**	**85.1**
Plant-based products	2,694	1.1	5,114	2.0
Fruit jam and sauces[(1)]	15,250	6.5	15,771	6.1
Raw milk[(2)]	10,931	4.7	13,788	5.4
Others[(3)]	1,118	0.5	3,662	1.4
Total revenue	**234,423**	**100.0**	**257,187**	**100.0**

Notes:

(1) We started selling fruit jam and sauces in December 2019 but due to the rationalisation plan to downsize IXL fruit jam operations, we expect sales of fruit jams to reduce over time.

(2) We had historically sold 100% of the raw milk we produced to third parties. We have, since the end of September 2021, ceased sales of our raw milk to third parties (save for instances where we have raw milk in excess of our processed milk requirements).

(3) Includes beef and kurma dates, amongst other products.

A significant portion of the dairy products sold during the FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021 were produced from fresh raw milk, and only a small portion were produced from reconstituted milk powder.

	FYE 31 March					
	2019		2020		2021	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Fresh milk	159,267	98.7	262,829	97.2	396,711	93.6
Milk powder[(1)]	2,045	1.3	7,686	2.8	27,051	6.4
Total dairy products revenue	**161,312**	**100.0**	**270,515**	**100.0**	**423,762**	**100.0**

	FPE 30 September			
	2020		2021	
	RM'000	**%**	**RM'000**	**%**
Fresh milk	192,800	94.3	199,554	91.2
Milk powder[(1)]	11,630	5.7	19,298	8.8
Total dairy products revenue	**204,430**	**100.0**	**218,852**	**100.0**

Note:

(1) Milk powder is used in the manufacture some of our Yarra Farm brand of dairy products as well as private label products, which were sold to large format retailers and HORECA outlets during the financial years/periods indicated.

The following tables set out the breakdown of our revenue by geographical markets and the percentage these revenues represent as a proportion of our total revenue for the financial years/periods indicated:

	FYE 31 March					
	2019		2020		2021	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	155,058	87.0	262,670	86.7	420,072	85.6
Australia	15,840	8.9	30,189	10.0	51,715	10.5
Singapore	7,329	4.1	10,208	3.3	17,817	3.7
Brunei	-	-	-	-	894	0.2
Total revenue	**178,227**	**100.0**	**303,067**	**100.0**	**490,498**	**100.0**

	FPE 30 September			
	2020		2021	
	RM'000	**%**	**RM'000**	**%**
Malaysia	198,856	84.8	217,453	84.6
Australia	26,181	11.2	29,537	11.5
Singapore	9,386	4.0	9,858	3.8
Brunei	-	-	339	0.1
Total revenue	**234,423**	**100.0**	**257,187**	**100.0**

7.6 Quality management system

Good quality control is critical for dairy products. We place great emphasis on quality control and have implemented strict hygiene standards at all of our milking facilities as well as during the milking process. For example, we carry out inspections at systematic intervals throughout the process, including total plate count and coliform test, alcohol test, CMT and MBRT to ensure consistency in the quality of our fresh milk and compliance with applicable milk safety and processing regulatory standards for the Australia and New Zealand Food Standards Code, Food Act 1983, Food Regulations 1985, Food Hygiene Regulations 2009, Codex Alimentarius for Milk and Milk Products and export country standard regulations. As at the LPD, our quality control department comprises 42 members in Malaysia and three members in Australia, some of whom have professional qualifications such as degrees in applied chemistry, food science and bio-science. Our quality control supervisor has also been registered as a Certified Food Analyst by the MOH. Our quality control department closely monitors the quality of the dairy cows and feed, in addition to the quality control in the milking process and during storage and transportation. We generally follow the practices of food safety according to HACCP system, GMP and Malaysian Standard on Halal Food.

Our quality assurance team consists of a group of laboratory analyst technical members. This team monitors our manufacturing processes and ensures that sufficient controls are in place to maintain product quality. Such controls include the following elements:

- control over the quality of incoming fresh milk;
- control over raw materials and suppliers;
- control over production process from start to end; and
- control over storage and delivery of finished products.

7.7 Distribution and Sales and Marketing

7.7.1 Distribution network

We sell over 85% of our products through an extensive distribution network comprising multiple retailer and distributor formats. We operate on a multi-channel distribution model that is structured to facilitate the sales of different products to address different customer markets, and comprises large format retailers, stockists and home dealers, HORECA, export markets and convenience stores.

The tables below set out the breakdown of our revenue by distribution channel in Malaysia for the financial years/periods indicated:

	FYE 31 March		
	2019	**2020**	**2021**
	%	%	%
Revenue by distribution channel – Malaysia			
Large format retailers	59.2	44.7	44.1
Stockist / Dealers	19.2	29.6	34.5
HORECA market	16.9	19.2	14.8
Export markets[(1)]	4.2	3.5	3.8
Convenience stores	0.5	3.0	2.8

	FPE 30 September	
	2020	2021
	%	%
Revenue by distribution channel – Malaysia		
Large format retailers	44.2	46.5
Stockist / Dealers	33.7	30.5
HORECA market	15.0	16.0
Export markets(1)	4.3	4.2
Convenience stores	2.8	2.8

Note:

(1) *Includes revenue from Singapore and Brunei.*

In Australia, for our fruit jam and sauces business which we acquired in FYE 31 March 2020, our distribution channels comprise of large format retailers, HORECA and exports markets. The tables below set out the breakdown of our revenue by distribution channel in Australia for the financial years/periods indicated:

	FYE 31 March		
	2019	2020	2021
	%	%	%
Revenue by distribution channel – Australia (Fruit jam & sauces)			
Large format retailers	-	66.2	53.3
HORECA market	-	17.1	25.9
Export markets(1)	-	16.8	20.8

	FPE 30 September	
	2020	2021
	%	%
Revenue by distribution channel – Australia (Fruit jam & sauces)		
Large format retailers	54.4	63.2
HORECA market	26.0	23.6
Export markets(1)	19.5	13.2

Note:

(1) Primarily includes revenue from Malaysia, Singapore and Hong Kong.

100% of the raw milk we produced in FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021 were sold to industrial dairy companies. We have stopped selling raw milk we produce to third parties since end September 2021 (save for instances where we have raw milk in excess of our processed milk requirements), as we can process raw milk in our Kyabram Facility, before it is shipped as a raw milk ingredient to our farms and facilities in Malaysia. Prior to the commissioning of our Kyabram Facility in October 2020, we purchased from external suppliers a significant portion of frozen milk in processed form for the production of our dairy products. With the commissioning of our Kyabram Facility, we are no longer dependent on a few processed milk suppliers as we can now channel our own raw milk to our Kyabram Facility for processing.

During the FPE 30 September 2021, our Directors decided to rationalise the existing business of Henry Jones Foods, which would involve, amongst other things, downsizing the fruit jam business. As such, we expect sales of fruit jams to reduce over time.

See Section 12.2.2(vii) of this Prospectus for more details.

Large format retailers

Our large format retailer distribution channel comprise modern trade accounts such as supermarkets and large hypermarkets in Malaysia. We leverage on these large format retailers' access to their respective local markets to reach end customers, by selling directly to these large format retailers who then on-sell our products to end consumers in their various chain outlets located across Malaysia. As at the LPD, we sell our products to 15 large format retailers and our products are carried at more than 630 locations where such retailers have a presence.

We generally enter into distribution agreements with large format retailers. The key terms of these agreements include:

- *Term*: Majority of the agreements with our large format retailer customers have trading terms which are effective for at least one year and are renewable upon expiry.

- *Minimum purchase requirement:* There is no minimum purchase required or stated in our contract with retailers. However, we do advise our retailers to have an ideal purchase amount for each delivery to be cost efficient in terms of logistic costs. However, if there is a small order, we would still need to honour it as a good business partner to service both large and small retail outlets.

- *Pricing:* The prices of the products are agreed in the trading terms. If any situation arises which necessitates us to increase the prices of the products, a notice needs to be given according to the notice period as stated in the agreement which could range from two to three months. Retailers would then either increase their prices accordingly, however only upon review of the competing prices from other retailers. In addition, we are required to inform the retailers of the reason for the increase in prices. Some retailers impose a ceiling to the price increase, which typically is a percentage of the current price.

- *Inventory level:* While we do not have the right to require our large format retailer customer to maintain a minimum level of inventory of our products, we would typically ask the outlet to place orders based on the proposal by our merchandisers who monitor the stock level at the large format retailer outlets regularly, especially for outlets that we deliver our products to directly. Whereas for retailers with distribution centres, we propose to the retailers centralised purchasing if we find that their order is below historical trend.

- *Sales rebates:* We generally provide sales rebates up to a certain percentage on a monthly or quarterly basis, depending on the trading terms agreed with the large format retailer customer.

- *Delivery:* Depending on the large format retailer's requirements, we deliver either directly to the retail outlet, or to the retailer's distribution centre within two to six days after receipt of a purchase order.

- *Payment terms:* We generally provide a credit period of 30 – 60 days from statement date.

- *Return/Exchange of products:* Quality issues, if any, would result in us issuing a recall advice to our large format retailer customers. Other than due to quality issues, our products are either delivered on a returnable or non-returnable basis. Typically, the returnable basis applies when we send our products directly to the retailer's store or retail outlet. The non-returnable basis applies when we send products to the retailer's distribution centre. When the non-returnable basis applies, we will provide the retailer with an ullage percentage. For the returnable basis, products returned are usually close to expiry, damaged/dented/broken or have missing labels/seals.

There is no minimum resale price policy for the Group's finished products under the terms of these agreements.

Specifically, for one of our major large format retailer customers, we have also entered into a distribution centre service agreement, for us to use the services of the large format retailer to manage the distribution of our products from the retailer's centralised distribution centre to the various retail outlets across the country.

We have also entered into distribution agreements with 10 distributors to distribute to our large format retailer customers. Distributors are generally responsible for tallying, inspection, receiving and sorting the goods, and we expect them to exercise due care and skill when doing so. The payment terms with the distributors are agreed at the outset of the appointment and revised from time to time.

We take into consideration a number of factors when selecting which large format retailers to carry our products. Such factors include the size, reach and scale of the potential large format retailer, the rate at which sales to the large format retailer is recurring, as well as the operational track record and market reputation of such party.

We are also conscious of international obligations or standards that our distributors must comply with and have a strict anti-corruption and anti-bribery policy, certain key concepts of which are generally built into the terms of our distribution agreements.

Stockists and Home Dealers

We sell our products directly to various stockists who then on-sell these products to home dealers under our "home dealer programme". According to Frost & Sullivan, we have the largest home dealer network that is exclusive to us amongst vertically integrated dairy companies in Malaysia. After purchasing our products from the stockists, the home dealers then sell these products to end consumers or to other agents who may in turn sell these products to end consumers. As at the LPD, we have 45 stockists, spanning all the states in Malaysia, managing 906 home dealers who in turn manage 1,772 agents of theirs selling our products.

The following tables set out the changes in the number of our stockists and home dealers as at the dates indicated:

Number of stockists	**As at 31 March**			**From 1 April 2021 to the LPD**
	2019	**2020**	**2021**	
At the beginning of the period	31	33	38	38
Additions of new stockists	-	6	-	9
Termination/departure of stockists	-	1	-	2
At the end of the period	31	38	38	45

Number of home dealers	**As at 31 March**			**From 1 April 2021 to the LPD**
	2019	**2020**	**2021**	
At the beginning of the period	588	588	852	871
Additions of new home dealers	-	417	19	74
Termination/departure of home dealers	-	153	-	39
At the end of the period	588	852	871	906

Number of agents	**As at 31 March**			**From 1 April 2021 to the LPD**
	2019	**2020**	**2021**	
At the beginning of the period	-	485	1,404	1609
Additions of new home dealers	485	1,108	211	470
Termination/departure of home dealers	-	189	6	307
At the end of the period	485	1,404	1,609	1772

The numbers of our stockists, home dealers and their agents increased significantly from FYE 31 March 2019 onwards. We believe this was mainly due to our introduction of UHT products in FYE 31 March 2019, which enabled us to have greater reach and market coverage as UHT products do not require cold chain to support transportation and storage and could be distributed easily by our stockists, home dealers and their agents. The number of home dealers and their agents grew to 588 and 485 respectively at the end of FYE 31 March 2019 and increased to 906 and 1,772 respectively as at LPD.

We typically enter into a standard distribution agreement with the stockists which includes the following key terms:

- *Term:* Our standard distribution agreement has a term of three years and is renewable upon expiry. We generally start negotiating with stockists on the renewal of distribution agreements at least three months prior to the expiration of the existing agreements.

- *Designated distribution area*: Stockists are granted the right to exclusively distribute our products in areas designated to them. Pursuant to the terms of the agreement, the stockists are not allowed to sell or distribute our products outside their designated areas.

- *Exclusivity*: Our stockists are granted the exclusive distributorship of our products in designated geographic areas in Malaysia. The stockists are obliged to carry our products exclusively.

- *Minimum purchase requirement:* Our standard distribution agreement does not include a minimum purchase requirement.

- *Resale price management:* Under our standard distribution agreement, the stockist sells our products to home dealers at a price suggested by us. The home dealers will then on-sell to their agents or to end-consumers, at a suggested price that is also determined by us. Our stockists are not permitted to sell our products at a higher or lower price than our suggested price without our prior written consent. We believe that this provides guidance and structure to the stockists, home dealers and their agents from an entrepreneurial perspective by helping them understand competitive pricing strategies which new entrepreneurs may not have knowledge or experience in.

- *Delivery*: Our standard distribution agreement does not contain any delivery schedules. Nevertheless, in practice, our products are generally delivered to our stockists within the next 7 days upon receipt of a purchase order from the stockist

- *Payment terms:* We generally provide a credit period of 14 days from the date our products are delivered to the stockist.

- *Return/Exchange of products:* We generally allow for product returns due to quality issues arising during the transportation of the products from the factories only.

- *Termination:* The agreement may be terminated by either party if the other party is in liquidation or winding-up or is loss-making. We are allowed to terminate the agreement if the stockist has not remedied a breach of a term of the agreement within 14 days from the date we notify them of such breach.

Under our standard distribution agreement, a stockist is responsible for managing the home dealers and agents, including maintaining a complete and current list of all locations where they have stocked the products, the names of all home dealers and agents, and also the dates of such products. The stockists are also obliged to use their best efforts to promote the sale and distribution of our products, including to provide adequate and trained sales staff to promote, support and undertake promotion campaigns to attract prospective customers and stimulate sales. We seek to maintain a close relationship with our stockists and perform visits to our stockists and their warehouses across Malaysia to conduct spot-checks and to ensure that our products are stored properly, within the shelf-life and distributed properly. Our stockists are responsible for inventory controls, including proper disposal of our products that have expired. We also gather feedback verbally from the stockists, including information relating to the distribution process, customer feedback and any potential competition. Any complaints are directed to our customer service team and consolidated on a daily basis. The stockists also occasionally consult us for our views in their review of the performance of the home dealers and their agents.

We work with the stockists by holding meetings, conducting seminars, courses and demonstrations to ensure that there is proper onboarding and training provided to the stockists and their representatives as to our products, the pricing of our products and the territories which they and the home dealers and agents would cover to sell our products.

Our sales team meets with the home dealers from time to time to discuss matters relating to sales, sales targets and target customer groups or areas such as schools.

We maintain oversight of the overall distribution process from the stockists to the home dealers and agents, including the delivery process and the pricing set by the stockists to ensure that the process remains sufficiently profitable for subsequent on-sellers (like the home dealers and the agents) to carry on participating in the home dealers programme. Since August 2020, we have also started requesting all home dealers and their agents to register themselves on a mobile application we have developed called "My HomeDealer". The application is intended to track the network of home dealers and agents, sales data, order data and the territories covered by the respective home dealers and agents. A large network of home dealers is also crucial in allowing us to capture customers in rural areas of Malaysia which may not be as accessible or profitable for larger retailers to establish a presence in.

As part of our strategy to reward and motivate the home dealers, we have organised fully-paid overnight retreats for the top home dealers which includes organised briefings and trainings on sales strategies, sales targets and other aspects of our business and the distribution process. However, we have not organised any such retreats since the MCO was first imposed on 18 March 2020 in response to the COVID-19 pandemic outbreak in Malaysia. During this period, we have conducted regular online meetings to discuss various matters including sales numbers and strategies.

In order to better support the sales effort of our stockists and the home dealers with a view to ultimately boosting our overall sales, we created a website in October 2019 which provides customers with an online platform to purchase our products online. The website provides information on home dealers and their agents by location and availability of stock, providing customers with information and the option of either purchasing our products online from the home dealer or agent, calling a home dealer or agent directly, or heading to the nearest stockist or home dealer to purchase our products. The online orders made are supported by immediate sales activation and efficient fulfilment by the relevant home dealers or agents, and paves the way for the home dealer or agent to create rapport with the customer from the purchase experience and subsequently deal directly with the customer for subsequent purchases.

We believe that the stockist distribution network is socially-inclusive and mutually beneficial to the stockists, home dealers and their agents as well as our Company. We stand to benefit from the sales of our products through stockists and home dealers by enjoying higher margins from such sales as we would not incur any listing fees which are otherwise payable to other retailers, such as the large format retailers, for carrying our products on their shelves. The stockist distribution network, including the home dealers programme, has also helped us extend our reach to customers in rural areas. The home dealers programme has encouraged the creation of a micro-entrepreneurial network which has positively impacted the community by creating increased job opportunities in both urban and rural areas and allowing home dealers to earn additional monthly income. As a testament to the positive social benefits that we have provided through the home dealers programme, we were nominated by SME Corporation Malaysia and received the ASEAN Inclusive Business Award in 2020.

HORECA

We also sell our products to hotels, restaurants and cafes in Malaysia which may use our products directly or on-sell our products to end consumers that patronise such HORECA outlets. Most of our sales to HORECA outlets are made through distributor agents. We sell our products to 22 distributor agents who then on-sell our products to the various HORECA outlets. For example, we have entered into a distribution agreement with AYC F&B for the distribution of our products at Family Mart convenience stores, covering all matters involving product ordering, delivery and returns. We also sell our products directly to large hotel and café chains. As at the LPD, in addition to the 22 distributor agents, we sell our products directly to three hotel chains and seven café chains. In November 2021 we have started selling our products directly to a multinational coffeehouse chain. We do not have a standard agreement with each of our distributor agents under our HORECA distribution channel as each agreement is negotiated to suit the needs of the specific distributor and/or end HORECA outlet. The distributor agent is obliged to carry our brands on an exclusive basis unless they are selling a product which we do not produce. Our products are generally delivered to our HORECA customers in Malaysia within two to six days after receipt of a purchase order.

We generally provide a credit period of 30-45 days. We allow returns of our products due to quality issues only where we are satisfied that the product quality issue was not caused by the HORECA customer's cold-chain handling.

Convenience Stores

We also sell our products to other modern trade outlets such as convenience store chains, a mini market chain, and petrol kiosk convenience stores in Malaysia. As at the LPD, our products are available at 99 Speedmart, a mini market chain in Malaysia, four major convenience store chains, namely 7-Eleven Malaysia, FamilyMart, myNEWS, and KK Mart, and the stores of five petrol companies, namely BHP PetroMart, Caltex, Mesra, Petron, and Shell Select, and our products are carried at more than 7,290 locations where such retailers have a presence. This includes the full addition of more than 2,000 99 Speedmart locations in Malaysia in December 2021. Such agreements typically provide for a fixed margin for our products and a rental payment to the retailers when we want to organise promotions at their outlets.

The key terms with convenience store customers for our products are as follows:

- *Term*: We enter into contracts with our convenience store customers which are typically for a term of one year and may be extended upon agreement by the parties.
- *Delivery:* Depending on the convenience store customer agreed arrangements, we deliver either directly to the convenience store, or to the distribution centre within two to six days after upon receipt of purchase order.
- *Sales rebates:* We generally provide sales rebates up to a certain percentage on a monthly or *quarterly* basis, depending on the trading terms agreed with the convenience store customer.
- *Payment terms:* We generally provide a credit period of 30-60 days.
- *Return/Exchange of products:* We recall our products only when issues related to quality have arisen. Other than product recalls due to quality issues, our products are delivered on either a returnable basis or a non-returnable basis. Products delivered directly to a retailer's store or a retail outlet are typically sold on a returnable basis and such products may be returned if the products are damaged, dented, contain missing labels or seals or approaching their expiry date. Products delivered to a retailer's distribution centre are typically non-returnable as such products are sold based on an agreed price which takes into account discounts, rebates or ullages that may be applicable.

Export Markets

In November 2019, we entered into an exclusive three-year distribution agreement with a Singapore company (the "**Singapore Distributor**") that imports and distributes beverages across major leading supermarkets and convenience stores in Singapore. Pursuant to the distribution agreement, the Singapore Distributor has been appointed to distribute, sell and merchandise our products in Singapore. The selling prices of our products are fixed but may be amended upon mutual agreement of the parties. We can also mutually agree to expand the range of products to be distributed, sold and merchandised. Our strategy to enter into an exclusive distribution arrangement for chilled products with a large player in the industry reflects the importance we place on the Singapore market as we look to expand our reach beyond Malaysia. Further, we also sell our UHT products in Singapore through a stockist and distributor and are in the process of forming partnerships with more distributors.

In October 2020, we entered into a distributor agreement with Bahagia Distributors Sdn. Bhd. ("**Bahagia Distributors**"), a distributor in Brunei. Under the distribution agreement, Bahagia Distributors has been appointed as our distributor and granted a non-exclusive right to sell, deliver, store and merchandise our dairy products in Brunei.

7.7.2 Selection and management of our distribution network

We appoint trading companies which have vast experience in the fast-moving consumer goods ("**FMCG**") industry as our distributors to service our retail consumers both at the local and international segment. We adopt strict guidelines to select, assess and monitor our network of distributors. We typically conduct background searches and examine and obtain copies of business licenses, etc. from our potential distributors in Malaysia.

We also consider a range of factors in selecting and evaluating the performance of our distributors including, where applicable:

(i) locations, distribution network and customer base;

(ii) relevant experience, reputation, creditworthiness and credibility;

(iii) capability in operation and management;

(iv) warehousing facilities and delivery capabilities; and

(v) historical sales value and financial health.

Our development and maintenance of a stable distribution network is supported by various factors, including (i) our well-recognised brands, (ii) distributing through a limited number of reputable large format retailers and convenience stores, and (iii) working with reliable stockists including providing support and training to stockists and home dealers.

We generally enter into distribution agreements, with typical principal terms set out above, with our large format retailers, stockists and home dealer customers, as well as for our export markets.

To ensure our sales to large format retailers reflect genuine market demand for our products, we take into account the retailers' respective market segment and reach. In the case of our stockists, they are restricted under the agreements to distribute our products in their respective designated distribution area only. This ensures their sales networks do not overlap in order to mitigate the risk of cannibalisation among our stockists and home dealers. Further, we set the suggested resale prices of our products and closely monitor the inventory level kept by our large format retailer customers and stockists to avoid excessive inventory accumulation.

7.7.3 Sales and marketing team

Our sales and marketing team leads our sales and marketing activities. As at the LPD, the team consists of 12 personnel. The team is responsible for new customer acquisition and maintaining existing customer relationships. Our sales and marketing personnel seek to understand our existing and potential customers' requirements and industry trends, and to regularly provide our customers with updates on our latest product developments. A deep understanding of our customers' needs combined with up-to-date knowledge of industry trends enables our sales and marketing team to add value for our customers and ensures that our product offerings are current and customised to individual customers' needs. Our sales and marketing employees in charge of branding also use our website and social media to communicate with customers and promote our products and services.

Our sales and marketing team also works closely with our customers, such as the stockists and home dealers, to support their needs and to strengthen our distribution channels. For example, our business development executives communicate with our stockists weekly and conduct visits to our stockists about once a month. We also provide advice and informal trainings to our stockists on book-keeping and accounts management which we believe will benefit the stockists and build up our relationship with the stockists. They also visit the home dealers from time to time.

Through regular communication and interaction with the stockists and home dealers, we are also able to gather valuable feedback on the distribution process, our products, and any geographical gaps or overlaps in the market or sales territories which we can then react to in a timely manner.

Similarly, our sales and marketing team also works closely with our large format retailers and HORECA customers, as well as oversees and manages the distributors we appoint. Our distributors have a network of merchandisers to service these retailers for order-taking, merchandising, replenishing and promoting via sampling at all their outlets. The merchandisers practise a first-in-first-out ("**FIFO**") policy to ensure the freshness of our stocks in these outlets and ensure that our brand image among the consumers is continually enhanced.

7.7.4 Transport and logistics

Our logistics and transportation team is responsible for transporting fresh milk from our farms to our processing plants in Larkin or Muadzam Shah, Malaysia. However, we also rely on third-party logistics companies for the transport of fresh milk and supplies purchased from third parties.

Similarly, we distribute our products through a combination of our internal logistics and transportation team and third party logistics companies due to the requirement of cold chain logistics. We take into consideration factors that may affect the freshness of the products and ultimately adopt what we believe would be the most practical and cost-efficient distribution method with a view to retaining the freshness and quality of the products.

To ensure that our products reach our customers in optimal quality, we have established multi-mode delivery services for our milk products. Leveraging off our transportation team, a fleet of eight delivery trucks and our third-party logistics service providers, we have been able to provide reliable delivery services to customers throughout Malaysia. To facilitate accurate and timely delivery of our products to our customers located in Malaysia, we own and rent warehouses and coordinate deliveries with the third party logistics service providers. We believe our arrangement with third party logistics service providers also allows us to focus our resources on our core business, reduces our capital investment and helps to ensure sufficient transportation capacity for our future expansion.

We generally do not keep stocks of raw milk due to its perishable nature. Our inventory comprises mainly finished dairy products and packaging. We manage our inventory levels for such products based principally on expected demand patterns and the volume of sales orders.

7.8 Major customers and suppliers

7.8.1 Major customers

Our Group's top five major customers for the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021 are as follows:

FPE 30 September 2021:

Major customers	Type	Amount of sales	% of total revenue	Length of business relationship (years)[1]
		(RM '000)		
Lotuss Stores (Malaysia) Sdn Bhd ("**Lotuss**") [2]	Large format retailer	34,024	13.2	More than 9 years
AYC F&B Sdn Bhd	Distributor	14,272	5.6	More than 4 years
Aeon Co. (M) Berhad	Large format retailer	12,618	4.9	More than 9 years
Fonterra Milk Australia Pty Ltd	Industrial dairy company	10,746	4.2	More than 2 years
Trendcell Sdn Bhd	Large format retailer	10,401	4.0	More than 9 years
Total		**82,061**	**31.9**	

FYE 31 March 2021:

Major customers	Type	Amount of sales	% of total revenue	Length of business relationship (years)[1]
		(RM '000)		
Lotuss[2]	Large format retailer	60,249	12.3	More than 9 years
Bapak Marketing & Distribution Sdn Bhd	Stockist	26,641	5.4	More than 6 years
AYC F&B Sdn Bhd	Distributor	23,596	4.8	More than 4 years
Aeon Co. (M) Berhad	Large format retailer	23,022	4.7	More than 9 years
Fonterra Milk Australia Pty Ltd	Industrial dairy company	21,252	4.3	More than 2 years
Total		**154,760**	**31.5**	

FYE 31 March 2020:

Major customers	Type	Amount of sales	% of total revenue	Length of business relationship (years)[1]
		(RM '000)		
Lotuss[2]	Large format retailer	32,632	10.8	More than 8 years
Fonterra Milk Australia Pty Ltd	Industrial dairy company	23,834	7.9	More than 1 year
Aeon Co. (M) Berhad	Large format retailer	17,929	5.9	More than 8 years
Bapak Marketing & Distribution Sdn Bhd	Stockist	16,289	5.4	More than 5 years
AYC F&B Sdn Bhd	Distributor	15,582	5.1	More than 3 years
Total		**106,266**	**35.1**	

FYE 31 March 2019:

Major customers	Type	Amount of sales	% of total revenue	Length of business relationship (years)[1]
		(RM '000)		
Lotuss[2]	Large format retailer	21,242	11.9	More than 7 years
GCH Retail (Malaysia) Sdn Bhd	Large format retailer	14,508	8.1	More than 7 years
Aeon Co. (M) Berhad	Large format retailer	12,001	6.7	More than 7 years
Australian Consolidated Milk Pty Ltd	Industrial dairy company	9,993	5.6	More than 1 year
Trendcell Sdn Bhd	Large format retailer	8,330	4.7	More than 7 years
Total		**66,074**	**37.0**	

Notes:

(1) Length of business relationship with our major customers is calculated based on the date our first sales to the customers was recorded to the respective financial year.

(2) Formerly known as Tesco Stores (Malaysia) Sdn. Bhd.

During the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021, our major customers mainly comprised distributors and retailers to whom we directly sell our products, as well as industrial dairy companies that purchase the raw milk we produce for on-sale to end customers. We have stopped selling raw milk we produce to third parties since end September 2021 (save for instances where we have raw milk in excess of our processed milk requirements), as we can process raw milk in our Kyabram Facility.

Our major customers in the FYE 31 March 2019 were predominantly large format retailers, which in aggregate contributed 55% of our total revenue in the FYE 31 March 2019. As we grew our stockists and home dealers network, large format retailers who were our major customers contributed 43%, 44% and 47% of our total revenue for the FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively, while stockists, which contributed to 19% of our total revenue in FYE 31 March 2019, contributed to 29%, 35% and 31% of our total revenue for the FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively.

For the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021, our largest customer, Lotuss, accounted for 11.9%, 10.8%, 12.3% and 13.2% of our total revenue, respectively, and our five largest customers in aggregate accounted for about 37.0%, 35.1%, 31.5% and 31.9% of our total revenue, respectively, for the same financial years/periods.

Save for Lotuss, we have not entered into any long-term contracts with our other top five major customers. The key terms of the long-term contracts with Lotuss are as follows:

(i) Supplier Trading Agreement dated 26 February 2019 entered into between FFMSB and Lotuss ("**FFMSB STA**")

- *Term*: the FFMSB STA is evergreen until terminated in accordance with the provisions of the FFMSB STA.

- *Termination*: the FFMSB STA may be terminated by either party immediately upon the occurrence of, amongst others, a material breach of the terms of the FFMSB STA, or if the other party is in liquidation or winding-up. However, Lotuss may unilaterally terminate the FFMSB STA if we are unable to fulfil our obligations under the terms of the FFMSB STA.

(ii) Supplier Trading Agreement dated 12 August 2020 entered into between Farm Fresh and Lotuss ("**FF STA**")

- *Term*: the FF STA is evergreen until terminated in accordance with the provisions of the FF STA.
- *Termination*: the FF STA may be terminated by either party immediately upon the occurrence of, amongst others, a material breach of the terms of the FF STA, or if the other party is in liquidation or winding-up. However, Lotuss may unilaterally terminate the FF STA if we are unable to fulfil our obligations under the terms of the FF STA.

Further, we are not dependent on any of our major customers as we maintain flexibility in our distribution channel, either by selecting a variety of distributors to address different customer markets or focusing on a few distributors to serve particular customer markets. Such flexible arrangements allow us to maintain relationships and grow our revenue and business in various markets.

7.8.2 Major suppliers

Our Group's top five major suppliers for the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021 are as follows:

FPE 30 September 2021:

Major suppliers	Type of product	Amount of purchases	% of total purchases	Length of business relationship (years)[1]
		(RM '000)		
Australian Dairy Farmers Corporation Ltd	Raw milk	44,299	26.9	Less than 1 year
Tetra Pak (Malaysia) Sdn Bhd	Packaging materials	8,392	5.1	More than 3 years
Min Tien & Co. Sdn Bhd	Animal feed and sugar	8,166	5.0	More than 8 years
Australian Consolidated Milk Pty Ltd	Milk powder	8,108	4.9	Less than 1 year
K.H. Plastic & Packaging (M) Sdn Bhd	Packaging materials	7,299	4.4	More than 8 years
Total		**76,264**	**46.3**	

FYE 31 March 2021:

Major suppliers	Type of product	Amount of purchases	% of total purchases	Length of business relationship (years)[(1)]
		(RM '000)		
Burra Foods Pty Ltd	Frozen milk	87,613	28.4	More than 7 years
Australian Dairy Farmers Corporation Ltd	Raw milk	37,837	12.3	Less than 1 year
Tetra Pak (Malaysia) Sdn Bhd	Packaging materials	28,367	9.2	More than 3 years
Fonterra Ingredients Limited	Milk powder	22,562	7.3	More than 4 years
Min Tien & Co. Sdn Bhd	Animal feed and sugar	10,369	3.4	More than 8 years
Total		**186,748**	**60.6**	

FYE 31 March 2020:

Major suppliers	Type of product	Amount of purchases	% of total purchases	Length of business relationship (years)[(1)]
		(RM '000)		
Burra Foods Pty Ltd	Frozen milk	60,217	22.6	More than 6 years
Tetra Pak (Malaysia) Sdn Bhd	Packaging materials	14,577	5.5	More than 2 years
Richmond Dairies Pty Ltd	Frozen milk	10,044	3.8	More than 7 years
Supplier A[(2)]	Extended shelf-life ("**ESL**") milk	8,695	3.3	More than 3 years
Min Tien & Co. Sdn Bhd	Animal feed and sugar	8,194	3.1	More than 7 years
Total		**101,727**	**38.3**	

FYE 31 March 2019:

Major suppliers	Type of product	Amount of purchases	% of total purchases	Length of business relationship (years)[(1)]
		(RM '000)		
Burra Foods Pty Ltd	Frozen milk	22,492	16.9	More than 5 years
Supplier B[(3)]	ESL milk	8,747	6.6	More than 2 years
K.H. Plastic & Packaging (M) Sdn Bhd	Packaging materials	7,443	5.6	More than 6 years
Richmond Dairies Pty Ltd	Frozen milk	6,507	4.9	More than 6 years
Yun Fook Resources Sdn Bhd	Raw milk	6,246	4.7	More than 3 years
Total		**51,435**	**38.7**	

Notes:

(1) *Length of business relationship with our major suppliers is calculated based on the date our first purchases from the suppliers was recorded to the respective financial year.*

(2) *Supplier A is an Australian dairy company that supplies fresh chilled pasteurised milk within Australia and into the global market, with its largest market in South East Asia. Supplier A has refused our request to be identified as a major supplier.*

(3) *Supplier B is an Australian vertically integrated company in the beverage industry offering private label and co-packing capabilities, with a distribution network servicing 20,000 retail customers ranging from independents to Australia's largest retail chains. Supplier B has not responded to our request to be identified as a major supplier.*

During the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021, our major suppliers mainly consisted of suppliers of raw materials and ingredients for our dairy farming business and suppliers of packaging materials for our milk processing business. Our top five major suppliers accounted for a range of 3.1% to 28.4% of our total purchases for FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021.

Burra Foods Pty Ltd, our largest supplier for each of the FYE 31 March 2019, 2020 and 2021 accounted for 16.9%, 22.6% and 28.4% of our total purchases, respectively. Total purchases of frozen milk from Burra Foods Pty Ltd and Richmond Dairies Pty Ltd for our production of milk products represented 21.8%, 26.4%, and 28.4% of our total purchases for FYE 31 March 2019, 2020 and 2021, respectively. Historically, a larger portion of the frozen milk for our production of dairy products was purchased in processed form from external suppliers. We made the strategic decision to invest in a processing facility in Kyabram, Australia, which was commissioned in October 2020. This decision has diversified our supplier base as we are no longer restricted to purchasing from processed milk suppliers. Instead, we are also able to purchase raw milk from a wider pool of suppliers and process it in our Kyabram Facility. This has resulted in Burra no longer being our supplier in FPE 30 September 2021.

Since FYE 31 March 2020, Tetra Pak (M), a global supplier of UHT milk packaging systems for milk, fruit juices and other drinks, has been our main supplier of production equipment and product packaging materials. Purchases of packaging materials from Tetra Pak (M) accounted for 5.5%, 9.2% and 5.1% of our total purchases for the FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively.

We believe we have a collaborative and positive relationship with Tetra Pak (M), and have entered into a long-term supply agreement with Tetra Pak (M) for the supply of packaging materials and equipment to support our production needs. In particular, the packaging for our 200 ml UHT/ambient products is sourced solely from Tetra Pak (M), while the packaging for our 1 litre UHT/ambient products is sourced predominantly from Tetra Pak (M) as we are aware that all paperboard used in Tetra Pak (M) packaging comes from Forest Stewardship Council® ("**FSC®**") certified forests and other controlled sources. Therefore, by choosing to use FSC® certified packaging, we are supporting responsible management of the world's forests.

Until such time as we cease our purchasing from Tetra Pak (M), we are dependent on Tetra Pak (M) for the packaging for our 200 ml UHT/ambient products.

Save for Tetra Pak (M), on whom we are dependent for the supply of packaging for our 200 ml UHT/ambient products, we are not dependent on any suppliers in sourcing raw materials, ingredients and other packaging materials needed for our business as we typically maintain multiple suppliers for such materials and ingredients to minimise any potential disruption of our operations, maintain sourcing stability and secure competitive prices from suppliers. See Annexure E of this Prospectus for further details on the agreement with Tetra Pak (M).

7.8.3 Credit management

Credit terms to our customers

We generally extend credit terms of between seven days and 75 days to our customers. These credit terms may differ as we grant credit terms based on creditworthiness, level of risk involved, size of order, payment history records, length of relationship with the customer and other factors.

7.9 Competition

We are involved in the upstream, midstream, and downstream stages of the value chain. The dairy industry in Malaysia is highly competitive, with a wide range and diverse product offerings available in the market, from local to international brands. At the upstream level, we compete with international brands and local dairy commercial farmers. At the midstream and downstream levels, we compete with processors that source for raw milk from Malaysia and from overseas, and with a large number of brands/products that are manufactured either locally or internationally. Some of our competitors include brands of other Malaysian integrated producers, such as Kedah Dairy, Bright Cow, Eco-Fresh and Summerfield, and the brands of midstream and downstream manufacturers or distributors, such as Dutch Lady, Goodday, Marigold, Dairy Fresh and Greenfields.

We believe that our bio asset ownership, integrated business model, diversified product portfolio and flavours, and extensive multi-channel distribution network will continue to be the key factors in determining the success of our business. According to Frost & Sullivan, as at January 2022, we have the widest portfolio of locally-manufactured dairy products (namely, RTD milk products, yoghurt products and plant-based RTD milk products) amongst Malaysian integrated companies producing local dairy brands. We also own the AFS dairy breed, which is well primed for tropical dairy farming, according to Frost & Sullivan. We distribute our products through various channels, including large format retailers, stockists and home dealers, HORECA, convenience stores and overseas markets. We believe that these factors, amongst other factors, provide us with a competitive advantage over our competitors. See also Sections 7.2 and 8 of this Prospectus for further details.

7.10 Materials and procurement

The principal raw material used in the production of our dairy products is raw milk. During the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021, we purchased the majority of the raw milk required for our production from external suppliers in addition to using raw milk from our upstream dairy farming and milking operations to satisfy the internal demand from our production of milk products. Raw milk was ranked as our top purchase for the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021, where it accounted for 37.8%, 33.3%, 34.6% and 36.4% of our total purchases, respectively.

Historically, a larger portion of our milk for our production of dairy products was purchased in processed form from external suppliers. We made the strategic decision to invest in our Kyabram Facility in Australia, which was commissioned in October 2020. This decision has diversified our supplier base as we are no longer restricted to purchasing from processed milk suppliers. Instead, we are also able to purchase fresh milk from a wider pool of suppliers and process it in our Kyabram Facility.

The table below sets out our milk production from each farm for the financial years/periods indicated. In FPE 30 September 2021, we produced approximately 55.3% of our milk from our Greater Shepparton Farm in Australia.

Farm	FYE 31 March 2019		FYE 31 March 2020		FYE 31 March 2021		FPE 30 September 2021	
	Litres	%	Litres	%	Litres	%	Litres	%
Malaysia								
Muadzam Shah	6,051,342	32.7	5,522,689	23.1	5,118,532	22.5	3,476,551	28.8
UPM	22,050	0.1	689,657	2.9	985,347	4.3	586,920	4.9
Mawai	-	-	478,151	2.0	1,689,818	7.4	887,635	7.4
Desaru	729,745	3.9	1,242,604	5.2	1,112,189	4.9	367,001	3.0
Taiping	-	-	-	-	-	-	71,503	0.6
Malaysia total	**6,803,136**	**36.8**	**7,933,101**	**33.2**	**8,905,886**	**39.2**	**5,389,610**	**44.7**
Australia								
Greater Shepparton	11,708,372	63.2	15,940,974	66.8	13,805,289	60.8	6,674,046	55.3
Total	**18,511,508**	**100.0**	**23,874,075**	**100.0**	**22,711,175**	**100.0**	**12,063,656**	**100.0**

The table below sets out the source of our milk for the financial years indicated:

Source	FYE 31 March 2019		FYE 31 March 2020		FYE 31 March 2021		FPE 30 September 2021	
	Litres	%	Litres	%	Litres	%	Litres	%
Farm Fresh farms								
Muadzam Shah	6,051,342	23.4	5,522,689	12.4	5,118,532	7.3	3,476,551	9.2
UPM	22,050	0.1	689,657	1.6	985,347	1.4	586,920	1.6
Mawai	-	-	478,151	1.1	1,689,818	2.4	887,635	2.4
Desaru	729,745	2.8	1,242,604	2.8	1,112,189	1.6	367,001	1.0
Taiping	-	-	-	-	-	-	71,503	0.2
Greater Shepparton[(1)]	-	-	-	-	-	-	-	-
Internal total	**6,803,137**	**26.3**	**7,933,101**	**17.9**	**8,905,886**	**12.6**	**5,389,610**	**14.3**
External parties								
Malaysian third parties	3,745,860	14.5	3,352,670	7.5	3,045,727	4.3	773,131	2.1
Australian third parties	15,342,491	59.3	33,148,301	74.6	58,639,162[(2)]	83.1	31,468,134	83.6
External total	**19,088,351**	**73.7**	**36,500,970**	**82.1**	**61,684,889**	**87.4**	**32,241,265**	**85.7**
Total source	**25,891,488**	**100.0**	**44,434,071**	**100.0**	**70,590,775**	**100.0**	**37,630,875**	**100.0**

Notes:

(1) We previously sold 100% of the raw milk we produced to external parties. We have, since end September 2021, stopped selling raw milk to external parties (save for instances where we have raw milk in excess of our processed milk requirements).

(2) Includes approximately 21 million litres of raw milk purchased from external parties in Australia. This signifies our shift towards purchasing only raw milk (rather than processed milk) in Australia, which will then be processed at our Kyabram Facility and sent to Malaysia to serve as a product ingredient.

In addition, we also purchase other materials such as animal feed, ingredients used in the production of our products as well as packaging materials from third party suppliers.

The principal materials that we use are generally widely available and sourced from local and foreign suppliers. The table below sets out certain information of our raw materials and their respective sources:

Materials	Principal sources
Raw milk	Malaysia and Australia
Animal feed	Malaysia, USA, Argentina, Brazil and Australia
Ingredients	Malaysia, New Zealand, Peru, Nigeria, Cameroon and Ghana
Packaging materials	Malaysia, Japan, China, India, Thailand and Singapore

We place purchase orders with our suppliers on a monthly basis and continually adjust volume, pricing and other terms over time. The price and availability of our raw materials are influenced by various factors including market supply and demand conditions, the quantity purchased and individual negotiations with our suppliers. The process of purchasing and obtaining raw materials takes between one and two months.

Our procurement team assesses and selects suppliers based on criteria including the quality of the raw materials supplied, pricing, reliability and punctuality of delivery. The procurement team typically conducts visits to certain suppliers' facilities and otherwise communicates with them on a regular basis to survey their new materials offerings and assess the quality of their raw materials. Once a suitable raw material and supplier are identified, our procurement team negotiates the supply arrangements.

See Section 12.2.2(ii) of this Prospectus for details on how the price and availability of raw materials have impacted our business and financial condition.

Our procurement policy requires multiple suppliers for each of our major materials to minimise any potential disruption of our operations, maintain sourcing stability and secure competitive prices from suppliers. During the FYE 31 March 2019, 2020, 2021 and FPE 30 September 2021, all of our major materials were sourced from multiple suppliers. We typically do not enter into long-term agreements with our suppliers, save for Tetra Pak (M).

We work closely with Tetra Pak (M), which provides our Group with product packaging materials for our 200 ml UHT/ambient products and 1 litre UHT/ambient products. See Section 14.6 of this Prospectus for further details.

We have entered into a long-term supply agreement with Tetra Pak (M) for the supply of packaging materials to support our production needs. We also source our other packaging materials for our dairy products from other domestic and foreign suppliers.

7.11 Seasonality

We have observed that our sales in Singapore and Malaysia generally increase during the period leading up to and during the Ramadan season. After the Ramadan season and during the December school holiday period, we have observed that our sales tend to slow down in Singapore and Malaysia.

There have been occasions in the past where our transport vehicle could not access our farms to collect the milk produced due to floods during the monsoon season. We have built up our storage capacity in the farms such that the milk can be stored longer to take into account any potential delays in transportation due to adverse weather conditions.

7.12 Research and development

We believe that R&D is critical in maintaining our market position and competitive edge, and to allow us to keep abreast of any technological advances in the dairy industry. As part of our innovation efforts, we also devote resources and time to developing new products to address consumers' evolving preferences or to improve existing products. As at the LPD, we have a team in charge of developing new products for our Company, which is led by our management team and assisted by several department heads and quality control staff.

We typically develop the prototype of any new product in-house, further to our understanding of the market and consumer preferences or knowledge gained from other industry players or suppliers, before carrying out the commercial testing and trials externally at a third-party provider. We may also occasionally solicit feedback from our employees for a new product. If a new product is deemed to be marketable, we then carry out production of such new products in small batches and launch such new products to the market. Depending on the market reaction to the new product, we then decide whether to mass produce the new product for sale. We also occasionally solicit public feedback and consultation on the overall taste of our products for product improvement prior to mass production.

An example of a product that we developed, tested and launched through our R&D process is our Kurma RTD milk product. We were the first local player to introduce Kurma (palm dates) RTD milk using pure Kurma extract in Malaysia in 2016. This new product has since grown in sales and contributed 18.2% of our revenue in FYE 31 March 2021 and 14.0% of our revenue in FPE 30 September 2021.

We carry out R&D efforts in the area of animal health and welfare through collaborations with tertiary institutions and scientific research firms, with the long term goals of lowering the cost of medicinal care for our herd, shifting resources to preventive care and to improve yields through increased animal wellbeing and productivity. Our ongoing research initiatives include a collaboration with a multinational pharmaceutical company to research the effect of certain chemicals on milk yield and nutrition of our herd, a collaboration with MARDI to explore remedies for sicknesses faced by dairy cows, and a collaboration with MARDI and UPM to strengthen dairy production capacity in Malaysia.

In addition to these collaborations, we have formed an in-house task force to conduct research on cross-breeding genetic technology, with the aim of enhancing our AFS herd for higher milk yields in tropical climates. The objective of this research task force is to improve the production capacity and quality of our herd. We are committed to sharing the results of this research with the Malaysian government within the framework provided by the National Dairy Industry Development ("**NDID**") programme. Also, see Section 7.5 of this Prospectus for further details.

7.13 Technology

We leverage on technology to improve productivity through our supply chain. We are in the process of implementing an Enterprise Resource Planning ("**ERP**") system for better integration of our operations, better management of inventory and improved monitoring of data, such as our manufacturing processes and movement of raw materials, leading to faster data reporting.

On our farms, we use imported milking systems, such as the rotary milking system employed at our Muadzam Shah Farm and Greater Shepparton Farm, which are highly automated and require minimal involvement of individual workers during the milking process, increasing milking efficiency and enabling us to milk a larger number of cows successively. We deploy somatic cell testing equipment for fast and accurate control of milk quality.

We have highly-automated machinery and modern processing lines in our processing facilities to automate repetitive tasks which speeds up our packing rate, enables our staff to perform more specialised tasks and reduces the likelihood of human error in the milk processing. Our Kyabram Facility is fully automated, with a control centre that oversees and manages the entire process flow from the receiving of raw milk to packaging, palletising and exporting to our Malaysian processing facilities.

We leverage technology in our distribution channels through the use of our mobile application called "My HomeDealer", which we use to track the network of home dealers and sub-agents, sales data, order data and the territories covered by the respective home dealers and sub-agents. In addition, we have installed data loggers in our delivery vehicles to optimise the delivery process, improve accountability and enhance our internal investigations into product quality issues arising from the delivery process.

7.14 Insurance

The insurance policies that we currently hold are customary in the industry in which we operate, and we review our insurance coverage annually. We do not have coverage for our biological assets as such insurance is not customary, very expensive in the jurisdictions where we operate and hence, not commercially viable for our business. Notwithstanding that our biological assets are not insured, our Directors believe that we have adequate insurance coverage for our business operations.

We have the following insurance policies in place:

- Fire insurance for our fixed assets, inventory, plant, machinery and equipment in relation to any damage caused by fire, aircraft and other aerial devices, earthquake, volcanic eruption, hurricane, cyclone, typhoon, windstorm, flood, bush/lalang fire, subsidence, landslide, explosion, impact damage, bursting or overflowing of water tanks or pipes, riot, strike, change of temperature from the disablement or destruction of the refrigerating plant/ incubating plant (this insurance is in place for some, but not all, of our subsidiaries);

- Fire consequential loss insurance for loss of our gross profit caused by fire, riot, strike and malicious damage (this insurance is in place for some, but not all, of our subsidiaries);

- Burglary insurance for office equipment, plant and machinery, building fixtures and fittings and stocks in relation to any loss or damage caused by burglary, hold up, strike, riot and civil commotion or theft (this insurance is in place for some, but not all, of our subsidiaries);

- Money insurance in relation to any loss of money and damage to premises/ locked safe/ strongroom/ drawer/ cabinet and other receptables caused by abscondment of money, duress or threats of violence or force or bodily harm, malicious damage, strike, riot or civil commotion (this insurance is in place for some, but not all, of our subsidiaries);

- Products liability – claim made notified insurance in relation to any legal liability to pay by way of compensation as a result of a claim for injury and/or damage in connection with the production, marketing and sale of goat and cow milk (this insurance is in place for some, but not all, of our subsidiaries);

- Public liability insurance for any bodily injury to or illness of any person, loss of or damage to property as a result of an accident happening in connection with our business and occurring within our premises (this insurance is in place for some, but not all, of our subsidiaries);

- Marine open cover insurance in relation to any loss or damage suffered to our goods, stocks, animal feed, machinery and spare part during import/export from or to any determined countries or inland transit (within Malaysia, Thailand and Singapore) (whether by land, sea, air, parcel, mail or courier);

- Fidelity guarantee insurance in relation to our stockists' employees including directors, temporary and contract workers and our employees including directors, cheque signatories, temporary and contract workers for any loss and damage caused by property damage, fraud or dishonesty of unidentifiable employee, fraudulent misappropriation, conversion and all other acts of fraud or dishonesty of goods or property, act of fraud or dishonesty of employees to the property held in trust on commission or on consignment (this insurance is in place for some, but not all, of our subsidiaries); and

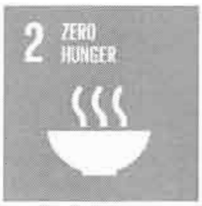
- Goods in transit insurance for loss or damage to our frozen milk, gable top carton, cap, alfalfa hay, animal feed, machinery, spare part, milk powder, raw milk and all other products related to our business during transit conveyed in our vehicle and/or our contractor's vehicles within Malaysia, Thailand and Singapore.

7.15 Sustainability

Our Board and our Group Chief Executive Officer provide stewardship towards incorporating sustainability into our business strategies, while the key senior management of our Group ensures that our sustainability agenda is applied to business decisions, such that the responsibility for the achievement of sustainability goals may be integrated throughout our Group's operations. Our sustainability efforts are anchored around three focus areas, namely quality dairy, stronger communities and healthier planet. We are focused on building strategies that would create value and drive impact in the long term to our stakeholders, including customers, employees, government and regulators, investors and local communities.

Our Group's sustainability work is influenced by our policies and code of conduct which is in line with the laws, regulations and best practices of Malaysia and the dairy industry. This includes our code of conduct and business ethics, which apply to all employees of our Group. These policies cover, amongst others, rules surrounding corrupt and unethical practices, policies regarding conflicts of interest, health, safety and environment, and whistleblowing policies.

From what we view as the core of our business, we have picked the following United Nations Sustainable Development Goals ("**Goals**") which we believe we currently have the greatest chances of impacting.



Goal 2:

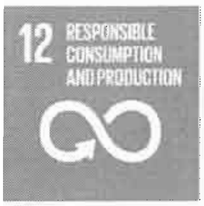
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 10:

Reduce inequality within and among countries

Goal 3:

Ensure healthy lives and promote well-being for all at all ages



Goal 12:

Ensure sustainable consumption and production patterns

Goal 7:

Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 13:

Take urgent action to combat climate change and its impact

Goal 8:

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 15:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 9:

Build resilient infrastructure, promote inclusive and sustainable industrialisation

We describe below how through our sustainability agenda and focus areas we can contribute to the specific Goals.

7.15.1 **Quality dairy**

We want to produce fresh products that meet the highest food and safety standards, whilst providing key nutritional needs through the maintenance of a healthy dairy livestock.

(i) *Producing healthy products:* Producing fresh and healthy dairy was our founding mission as a company and continues to drive our work today.

As at the LPD:

(a) all our products are free from preservatives and colouring;

(b) all our products offer an optimised percentage of total solid, including protein and fat content; and

(c) 18.8% of our portfolio of products comprises alternative milk products such as our organic A2 milk, kurma milk, lactose-free varieties and plant-based milk that cater to consumers' preferences and dietary requirements.

We intend to continue to explore ways to enhance the nutritional and functional benefits offered by all our products and carry out further research and development into new dairy- and non-dairy-based recipes. Our ambition is to work on more products that are part of the solution to the challenges today with nutritional needs. According to Frost & Sullivan, the consumption of milk and milk products per capita in Malaysia has grown at a CAGR of 0.4% from 2015 to 2020 and our goal is to drive change in society to increase dairy consumption while understanding the associated nutritional benefits. By introducing a product that is fresh and rich in protein, vitamins and minerals in the diets of children and adults, we can contribute to a positive impact for Goals 2 and 3.

(ii) *Animal health and welfare:* As our herd is the foundation of our success, we ensure that our cows and their offspring are well looked after and nutritiously fed. See Section 7.5 of this Prospectus for more details on our breeding process and the typical lifecycle of our milking cows.

We have identified animal welfare as a focus area to place even higher demands on our operations and our work with animals. In June 2021, our Muadzam Shah Farm, Mawai Farm, Desaru Farm and UPM Farm were the first farms in Asia to attain the internationally-recognised Certified Humane Raised and Handled Humane® certification, which certifies that the dairy products produced from these farms have come from operations that meet precise and objective standards for the humane treatment of farm animals.

As at the LPD:

(a) the majority of our milking cows in Malaysia and Australia have access to tunnel-ventilation barns and soakers for effective evaporative cooling to better manage heat stress prevalent in tropical climate, compost-bedding packs to provide comfort for lactating cows as well as routine hoof care and trimming to ensure that the hooves of all our animals are well trimmed and optimal for their weight distribution, balance and footing to ensure that they are able to stand and walk well at all times;

(b) all our cows are fed with grass planted on-site at our farms that is free of pesticides and organically fertilised using animal waste broken down through vermicomposting. Please refer to Section 7.15.3 of this Prospectus for further details of our regenerative agriculture activities;

(c) we are collaborating with UPM, MARDI and a multinational pharmaceutical company to innovate further improvements to animal health and welfare, specifically tailored to tropical climate; and

(d) we are conducting in-house research on genetics cross-breeding technology to enhance our AFS herd to achieve higher milk yields and better resilience in tropical climates.

We also intend to continue our work with tertiary institutions and research firms to develop improved animal health and welfare practices catered to tropical climates. The long-term goal of our research and development agenda is to lower the cost of medicinal care, shift resources to preventive care, and to improve milk yields through increased animal wellbeing and productivity. The results of our ongoing research initiatives are shared with local farmers in order to uplift the standards of local dairy production.

Further, we will remain focused on our research into cross-breeding targeting better milk yields. A potential breakthrough in this area could have a positive impact not only on our production volume and quality, but also that of the Malaysian dairy industry as a whole. We are committed to sharing the results of this research with the Malaysian government within the frameworks provided by the NDID programme.

By prioritising animal health and welfare for sustainable development, we would be able to contribute to several Goals, with Goal 12 being a key focus in our sustainability agenda.

(iii) *Food safety and quality:* We have a responsibility to consumers who place their trust in our products, and for the welfare of our employees and suppliers in ensuring that our products meet the highest food safety and quality control standards.

As at the LPD:

(a) all our production facilities in Malaysia and Australia are operated in accordance with the GMP and HACCP food safety and quality principles;

(b) all our staff in our production facilities are trained in HACCP and GMP food safety practices; and

(c) we have experienced zero product recalls due to safety reasons since 2014.

By ensuring that our products meet the highest food safety and quality standards, we are seeking a better functioning food production system and contributing to Goals 2, 3 and 12.

7.15.2 **Stronger communities**

Through our business and products, we have the opportunity to contribute to various levels of society, with the view to enabling lasting change to lives and livelihoods in communities around the country.

(i) *Local economy contribution:* We have a responsibility to share the benefits of our growth with local communities and enable human ambition and progress. In Malaysia, we offer employment and career advancement opportunities to rural and indigenous demographics near our farms. We also offer internship programmes through collaborations with local universities that enable young talent to gain first-hand experience in a commercial-level dairy company, with promising candidates being offered full-time employment with our Group. In addition, we empower all our partner-farmers with knowledge in areas including raw milk quality and also purchase their raw milk at market price. Further, we leverage on our products and reach to provide opportunities for rural and sub-urban micro-entrepreneurs to become distributors of our products through our home dealer network.

As at the LPD:

(a) 340 employees or 71% of total employees at our farms and processing facilities are recruited from rural and underserved communities, including 11 within the indigenous 'Orang Asli' community;

(b) 87 students from local universities, including University Putra Malaysia (37 students), Universiti Malaysia Sabah (10 students), Universiti Malaysia Kelantan (nine students), Universiti Teknologi MARA (eight students), Universiti Sultan Zainal Abidin (four students), Universiti Malaysia Terengganu (three students), University Kuala Lumpur (one student), Universiti Teknologi Malaysia (one student) and local colleges (14 students) have benefitted from participating in our internship programme since 2019;

(c) 125 of our partner-farmers have generated additional income as a result of our purchases of raw milk from them at market prices. In addition, we have also transferred knowledge to our partner-farmers through mentorship, including providing them access to technical support at all stages of the production process; and

(d) our home dealer programme encompasses 45 stockists spanning all the states in Malaysia, and more than 906 home dealers who in turn manage 1,772 agents of theirs across the country. These stockists, home dealers and sub-agents who earn an income for distributing our products within their communities as micro-entrepreneurs have benefitted from our growth over the years. Our sales to stockists (who on-sell our products to home dealers who, in turn, sell the products to end consumers or other sub-agents) contributed 19%, 29%, 35% and 31% of our total revenue for the FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 30 September 2021, respectively. Furthermore, we empower women in the community as 80% of the micro-entrepreneurs are women.

We have purchased raw milk from our partner-farmers since 2011 to promote the sustainable growth of the dairy industry at the grassroots level. Ultimately, this will have the effect of raising national dairy production levels in line with the Malaysian Government's aspiration to boost the local production of fresh milk. In addition, our strategy to expand our product portfolio will provide further opportunities to grow our home dealer network, which can further improve the livelihood and income of home dealers. As we continue our expansion in Malaysia, we plan to appoint more stockists, and in the process increase female representation within our home dealer network through roadshows and other outreach avenues.

In 2021, we launched our Farm Fresh Scholarship Programme for indigenous students at the East Coast Economic Region to help Orang Asli children to succeed in education by providing educational and financial support at the primary, secondary and university levels. We also plan to provide employment opportunities with us after the completion of this 11-year programme. For the first pilot batch, we will select the top 20 Orang Asli students from Standard 5 and Standard 6 at 5 local schools in the district of Rompin where our Muadzam Shah site is located, and provide financial and educational support.

The objective is to have 80% of the selected Orang Asli students successfully pursue university studies and 100% of the selected Orang Asli students subsequently given the opportunity to work with us. We are committing RM852,000 for the scholarship programme and will commence selection of students in February 2022 together with East Coast Economic Region Development Council, District Education Office and the headmasters of the schools. We aspire to expand this subsequently to another 24 schools in other districts in Pahang. We strongly believe that this scholarship programme will benefit the economic, educational and social status of the indigenous Orang Asli.

Through our work in empowerment programmes that generate economic opportunity, improve livelihoods and enable social change for members of our community and rural populations as a whole, we are focused on making a significant contribution to Goals 8, 9 and 10.

(ii) *Youth outreach:* The choice of food and drink served in our schools is of significance to the lives of our children and future generations. Since 2018, we have stewarded two ongoing school programmes that are aligned with our vision of promoting better nutrition and health amongst youth. Specifically, we have been working with the Malaysian Ministry of Education and the MOH in their Amalan Perkhidmatan Kantin Terbaik (Best Canteen Service Practices) campaign, which aims to raise awareness on the importance of healthy, safe, and hygienic food practices in schools, while educating students about the importance of consuming foods that are free of preservatives, colourings and added sugar. In addition, we have also been supplying our 200 ml UHT chocolate milk packets to primary school students from rural areas and low-income households as part of the Malaysian Ministry of Education's Rancangan Makanan Tambahan (RMT) (Supplementary Food Programme).

As at the LPD:

(a) 64 schools have taken part in the Amalan Perkhidmatan Kantin Terbaik campaign since 2018; and

(b) 6,178,020 packets of milk have been distributed to 205,934 students across 2,987 schools under the Rancangan Makanan Tambahan supplementary food programmes.

Taking an active role in the Malaysian Government's supplementary food programmes and nutrition campaigns gives us the opportunity to create interest, engagement and dialogue with youth about the importance of health and balanced nutrition. With this work we can contribute positively to Goal 3, increase knowledge to limit malnutrition and work towards good health and well-being.

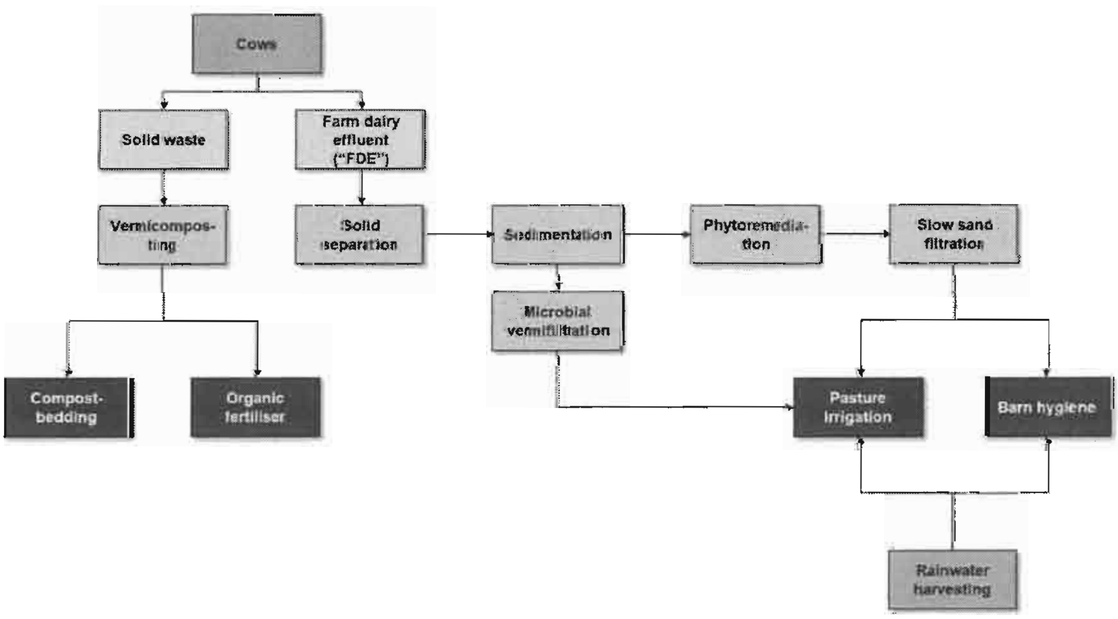
7.15.3 **A healthier planet**

A big part of our environmental impact arises in our dairy farming operations and associated land use, as well as further downstream in our Group's operations. Therefore, it is important for us to work on improvements in these areas.

(i) *Regenerative agriculture and water management:* As raw milk production is a significant part of our business, we want to strive to towards circular systems in our farm operations and in a resource efficient manner. Since 2014, we have implemented regenerative agriculture processes at our Muadzam Shah Farm and UPM Farm that focus on the treatment of solid animal waste and liquid animal waste for reuse in our operations.

We use vermiculture (earth worm farming) to recycle organic waste into bio-fertiliser. These practices have been developed with two key outcomes: (1) minimising the non-recyclable organic waste generated by our farms and (2) maximising the use of natural resources that we have access to. This is reflected in our company-wide drive towards "sustainable dairy farming", which aims to remove dependency on external input such as chemical fertilisers and to instead use waste generated by livestock as the basis for organic enrichment of soil and pasture as vermicompost is expected to enhance overall plant growth and increase microbial activity in the soil, while improving physical characteristics of the soil such as water holding capacity, aeration, and porosity, of which all benefit soil fertility.

Specifically, through a process of vermicomposting, we utilise treated solid waste (1) to form part of the mix for animal bedding, increasing our herd comfort and health and (2) as organic fertiliser for grass grown at both farms, which in turn forms a major component of the feed provided to our cows. We also treat liquid animal waste to aid with pasture irrigation and use it together with recycled rainwater for washing and flushing of our barns. Through the adoption of these practices, we have diverted animal waste discharge from landfills and sewerage systems, indirectly reducing the amount of methane released into the environment through landfill decomposition and the use of chemicals to treat waste in the sewerage systems. Concurrently, we benefit from a reduced reliance on external sources of water for our operations, and usage of chemical fertilisers, which are known to degrade soil health. The chart below outlines various components of our regenerative agriculture practices:



Our goal is to implement regenerative agriculture practices across all our farms within the next three years. We have started this by implementing rainwater harvesting and tube well pumping systems across all our farms for a significant portion of our water needs. To complement our carbon footprint reduction and animal waste recycling initiatives, we target to establish our first bio-gas plant at our Muadzam Shah Farm which will use our farm-sourced manure to produce biofuel for our operations commencing from 2022. For our Taiping Farm, we have allocated an area to construct a bio-gas plant and have plans to commission a rooftop solar TV project for our Taiping Farm. We also expect to commission a 2.2 MWp rooftop solar PV project by the first quarter of 2022 for both our Larkin and Muadzam Shah locations.

By undertaking the abovementioned sustainable farming practices, we are looking to contribute to a positive impact for several of the Goals, such as Goal 2, of promoting sustainable agriculture, Goal 12, of sustainable consumption and production patterns and Goal 15, on reducing the degradation of natural habitats and stimulating biodiversity.

(ii) *Climate action*: We have a responsibility to reduce our climate impact as our agricultural and manufacturing activities consume substantial energy and result in GHG emissions.

In July 2021, we completed a Group-wide carbon footprint inventory exercise based on the GHG Protocol Corporate Accounting and Reporting Standard.

The total emissions consist of:

- Scope 1 GHG emissions, comprising mainly direct emissions from machinery, equipment and motor vehicles operated at the farms and processing facilities, as well as enteric fermentation, manure management, and soil management at the farms;
- Scope 2 GHG emissions, including indirect emissions related to the electricity purchased and consumed by the machinery and equipment at the farms and processing facilities; and
- Scope 3 GHG emissions, comprising mainly indirect emissions that are not recognised in Scope 2 – emissions from business travel including by car, train and flight.

Based on the exercise, our total GHG for calendar year 2020 is 47,440 metric tons of Carbon Dioxide equivalent ("**tCO_2eq**"). 67% of our emissions or 31,884 tCO_2eq are from our farms and 33% or 15,556 tCO_2eq are from our manufacturing plants.

As our farms contribute to most of our greenhouse gas emissions, we have compared the average GHG of our farms in 2020 with the report issued by the Food and Agriculture Organization of the United Nations and Global Dairy Platform Inc. in 2019 ("**FAO Report**"). Based on the FAO Report, our Malaysian farms have an emission intensity of 2.4kg CO_2eq / kg fat-and-protein-corrected-milk ("**FPCM**") in 2020, which is 27% lower than Asia's 2015 average published in the FAO Report, while our Australian farms have an emission intensity of 0.7kg CO_2eq / kg FPCM, which is 47% lower than Oceania's 2015 average published in the FAO Report.

We do not have a ready benchmark for our manufacturing plants. Nevertheless, we have set a target for a reduction of 25% of our greenhouse gas emissions in five years, i.e. an average reduction of 5% per annum, with the planned rooftop solar PV project, bio-gas plant and other planned carbon reduction initiatives. The bio-gas plant is planned to be ready by the end of 2022. The actual reduction will be reported in future Sustainability Reports of our Company.

In 2021, we gave ourselves a target of a 21% total Scope 1 and Scope 2 emissions reduction by 2026, primarily through the use of renewable energy. Given that Scope 3 emissions represented less than 1% of our total GHG emissions, we considered the environmental impact as less significant.

We expect our reduction strategies to be implemented in phases, starting in 2022 with the commissioning of a 2.2 MWp commercial-grade solar farm across our Muadzam Shah Farm, Muadzam Shah Facility and Larkin Facility, and the replacement of existing anaerobic lagoons with anaerobic digestion tanks at our Muadzam Shah Farm, which would enable us to use our farm-sourced manure to produce biofuel for our operations. Furthermore, we plan to install solar thermal systems to reduce the use of diesel for our boiler and generator units. Barring any changes to our plans, we aim to convert the existing anaerobic lagoons at our Mawai Farm, Desaru Farm, and UPM Farm into anaerobic digestion tanks as well, such that the operational reductions we intend to make from 2022 to 2026 as a whole would enable us to achieve our GHG reduction target. We also intend to explore other energy efficient improvements that go beyond 2026, including potential emissions reduction for our Greater Shepparton Farm and Kyabram Facility in Australia.

By undertaking sustainable farming practices that consume less resources and taking steps to change the way our largest farm consumes energy, we are looking to contribute to a positive impact for several of the sustainable development goals, such as Goal 2, of promoting sustainable agriculture, Goal 7, of usage of renewable energy in our farm's energy mix and Goal 12, of sustainable consumption and production patterns. Minimising greenhouse gas emissions and stimulating biodiversity are other important elements of our work, as we seek to contribute towards Goal 13, of combating climate change and Goal 15, on reducing the degradation of natural habitats and halting the loss of biodiversity.

(iii) *Sustainable packaging*: When it comes to the environmental impact of our reliance on packaging materials, there are various factors to consider, including the origin of raw materials, materials consumption, manufacturing processes and recyclability, as well as the ability of the packaging to contribute to the reduction of food waste, more efficient transport and increased food shelf life. Thus, as we expand our business in Malaysia and Australia, including into potential overseas markets in the future, we recognise a need to increase our focus on sustainably sourced packaging.

Our work on this began in 2018, when we commenced purchasing fully recyclable paper packaging from Tetra Pak (M) for our UHT products. All paperboard used in Tetra Pak (M) packaging comes from FSC® certified forests and other controlled sources. Tetra Pak's full FSC® Chain of Custody certification for all its operations (FSC® C014047) (evidenced by the FSC® on-product label on packaging supplied by Tetra Pak (M)) gives us, and our customers, assurance that our UHT products packaging from

Tetra Pak (M) has been responsibly sourced and produced according to the standards set by the FSC® throughout the value chain.

By choosing to use FSC®-certified packaging, we are supporting responsible management of the world's forests, and indirectly contributing to the Goals, with the most direct contribution to Goal 12 on responsible consumption and production, and Goal 15 on sustainable forest management. Our products which use Tetra Pak (M) packaging make up 33% and 28% of our total revenue for FYE 31 March 2021 and FPE 30 September 2021, respectively.

Going forward, we intend to increase the percentage of our packaging requirements, including the 200 ml and 1L packaging, from Tetra Pak (M). In 2021, subject to restriction controls being relaxed by the Government of Malaysia, we plan to launch a recycling education centre in our UPM Farm, in collaboration with Tetra Pak (M), which will be open to the public. To further our commitment towards the growth of the circular economy, we will also continue to invest in creating school-based campaigns that educate students on the importance of recycling.

Further, we have plans in the next two to three years to develop area-specific sustainability criteria for suppliers with a focus on ingredients and packaging materials. The goal is for a significant portion of our Group's key suppliers to be evaluated and reviewed according to sustainability assessment templates that have been prepared, before new contracts are entered into. By working with our suppliers who are committed to packaging made from sustainable sources, and promoting the habit of recycling in early childhood, we can address Goal 12, on responsible production and consumption.

7.16 Health and safety

We place significant emphasis on the health and safety of our employees, contractors and company visitors. The core responsibility of ensuring this lies with our management, which is aligned with our business agenda to ensure a healthy and productive human resource and work environment.

These objectives are achieved through the following exercises and goals:

- Safe environment at workplace – apart from our safety officer who monitors personnel safety, there shall be a periodic safety audit of our factory premises to ensure that the premises are maintained as a safe environment of work.

- Safe working practices – standard operating procedures of work shall reflect safe working practices to reduce the possibility of harm to our employees, visitors and contractors.

- Safety awareness – to create awareness of the importance of safety in employees through orientation programmes in the initial stage of their employment.

- Provision of PPE – Personal Protection Equipment shall be provided to all employees when necessary to ensure their safety and health at the workplace.

- Management Support – our management shall direct and support all actions, exercises towards securing the safety, health and environment of company employees, company visitors and contractors and exhaust reasonable and practicable means towards attaining that said goal.

To achieve these objectives, we are committed to:

(a) ensuring that every employee is aware of the existence and understands the effect of our safety programmes through adequate training;

(b) providing on-the-job training to our employees;

(c) ensuring that it is every employee's responsibility to maintain and abide to the safety practices, procedures, rules and regulations that have been adopted and drafted by the Safety, Health and Environment Committee members; and

(d) ensuring that Safety, Health and Environment practices, procedures, rules and regulations are scrutinised, reviewed and updated from time to time.

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7.17 Major licences, permits and approvals

Our Directors confirm that, as at the LPD, save for the non-compliance incidents set out below, we have obtained all the major licences, permits and approvals which our Group is dependent on for our business operations in Malaysia and Australia (as set out in Annexure A of this Prospectus), and have complied with the conditions of such major licences, permits and approvals.

7.17.1 Non-compliances in respect of our Mawai Farm

(i) Land non-compliance

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	Breach of express condition of land Gem Organics, the registered owner of a piece of land held under HSD 24448, PTD 2975, Mukim Ulu Sungei Sedeli Besar, Daerah Kota Tinggi, Johor ("**PTD 2975**") has leased PTD 2975 to FFMSB for the rearing of dairy goats and cows and the production, marketing and sale of goat's milk and cow's milk. The current usage by FFMSB on PTD 2975 is a breach of the express condition set out in the land title of PTD 2975 which provides that the land shall be used for the plantation of herbs and spirulina only.	Gem Organics had on 30 September 2020 through its appointed consultant (who is a licenced land surveyor), submitted an application to Pentadbir Tanah Daerah Kota Tinggi to amend the express condition of PTD 2975 from "plantation of herbs and spirulina only" to "plantation of herbs and spirulina / dairy farming". The application is currently pending approval from Pentadbir Tanah Daerah Kota Tinggi.	Second quarter of 2022, but in any event, Gem Organics endeavours to obtain the approval prior to listing. If the approval is not obtained prior to listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.	RM110,000	The relevant authority may either forfeit the land, specify the action required to remedy the breach or impose a fine of not less than RM500 and in the case of a continuing breach, a further fine of not less than RM100 for each day during which the breach continues. *Sections 127, 128 and 129 of the National Land Code.*	No material adverse impact to our Group's business operations and financial condition because in the event the relevant authority makes an order to forfeit PTD 2975, FFMSB will shut down our Mawai Farm and relocate its operations to our Muadzam Shah Farm and Desaru Farm. The relocation cost is estimated to be around RM500,000. As both an alternative and an additional mitigation step, FFMSB is also able to source and purchase additional raw milk from third party farmers in Malaysia and Australia to meet the shortfall in its production demands, if any, until such time our Mawai Farm is able to resume operations. For the FPE 30 September 2021, the contribution of raw milk output from our Mawai Farm as a percentage of our Group's total production requirement is about 2.4%. The estimated cost to rectify plus the possible penalty applicable is less than 0.2% of our Group's FYE 31 March 2021 PBT.

(ii) Building non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	Development of farm without planning permission, construction of buildings without building plan approval, occupation of buildings without CCC, operating the farm without business premise licence, and provision of accommodation to employees without certificate for accommodation FFMSB has developed our Mawai Farm by constructing the detached house, workers quarters, cow sheds, cow barns, calf pens. rapid exit milking station, feed store and raw material sheds at our Mawai Farm without first obtaining a planning permission from the relevant authority. The aforesaid buildings constructed at our Mawai Farm have not been issued with a certificate of completion and compliance ("**CCC**") as the issuance of the CCC is preceded by the	FFMSB had on 19 April 2021 and 11 June 2021 appointed professional engineer and licenced land and engineering surveyors respectively as consultants to handle the application for planning permission to the relevant authority. The consultants are currently finalising the application for submission, which is expected to be made by the end of March 2022. Upon the issuance of the planning permission by the relevant authority, FFMSB will submit the building plan for approval by the relevant authority. FFMSB will obtain the CCC after the building plan approval has been granted by the relevant authority. Once the CCC for the buildings constructed	The approval for planning permission is expected to be obtained within 3 months from the date of submission of the application. If the approval for planning permission is not obtained prior to listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.	RM350,000	Development of our Mawai Farm without a planning permission FFMSB (including its Directors and officers) may on conviction be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine which may extend to RM5,000 for each day during which the offence continues after the first conviction for the offence. Additionally, the relevant authority may require both the owner (being Gem Organics) and the occupier of the land (being FFMSB) to restore the land as far as possible to the condition it was in before the development was commenced, undertaken, or carried out. *Sections 26(1)(b), 27(2) and 52A of the Town and Country Planning Act 1976.*	No material adverse impact to our Group's business operations and financial condition because in the event FFMSB is required to cease its operations at our Mawai Farm, FFMSB will relocate our Mawai Farm's operation to our Muadzam Shah Farm and Desaru Farm. The relocation cost is estimated to be around RM500,000. As both an alternative and an additional mitigation step, FFMSB is also able to source and purchase additional raw milk from third party farmers in Malaysia and Australia to meet the shortfall in its production demands, if any, until such time our Mawai

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
	planning permission and building plan approval to be granted by the relevant authority. In addition, FFMSB is required to obtain a business premise licence to operate the Mawai Farm and certificate for accommodation for its workers' quarters from the relevant authorities. However, FFMSB is currently unable to apply for the business premise licence to operate the Mawai Farm and certificate for accommodation for its workers' quarters as one of the documents required for such applications is the CCC issued for such buildings.	at the Mawai Farm has been issued, FFMSB will apply for the business premise licence to operate the Mawai Farm and certificate for accommodation for its workers' quarters.			<u>Construction of buildings without building plan approval</u> FFMSB may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction. *Section 70(13) Street, Drainage and Building Act 1974.* <u>Occupation of buildings without CCC</u> Gem Organics (as the registered owner of the land) and FFMSB may be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both. Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.*	Farm is able to resume operations. For the FPE 30 September 2021, the contribution of raw milk output from our Mawai Farm as a percentage of our Group's total production requirement is about 2.4%. The estimated cost to rectify plus the possible penalty applicable is less than 1.8% of our Group's FYE 31 March 2021 PBT.

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
					<u>Operating our Mawai Farm without a business premise licence</u> FFMSB may be liable on conviction to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both. Additionally, the relevant authority has the power to issue an order to close down any premise which operates without the requisite business premise licence. *By-laws 3(3) and 49(2) of the Licensing of Trades, Businesses, and Industries (Kota Tinggi District Council By-Laws 2017.* <u>Accommodation provided by FFMSB to its employees is not certified with a certificate for accommodation</u> FFMSB (including its Directors and officers) may be liable on conviction to a fine not exceeding RM50,000. *Sections 24D(3) and 29A of the Employees' Minimum Standards of Housing and Amenities Act 1990.*	

(iii) Operational non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	<u>Abstraction of water without a water abstraction licence</u> FFMSB is abstracting spring water at a creek at our Mawai Farm. In Johor, water abstraction requires a water abstraction licence under Section 7(1) of the Johor Waters Enactment 1921.	FFMSB had on 11 April 2021 through its appointed consultant (who is a groundwater, well design & construction specialist) submitted an application for water abstraction licence to the relevant authority. The application is currently pending approval from the relevant authority.	Second quarter of 2022. If the water abstraction licence is not obtained prior to listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.	RM5,000	FFMSB (including their Directors and officers) may be liable on conviction to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 3 years or to both. *Sections 7(6) and 17(1) of the Johor Waters Enactment 1921.*	No material adverse impact to our Group's business operations and financial condition because in the event FFMSB is required to cease abstracting spring water from the creek at our Mawai Farm, FFMSB will relocate its entire Mawai Farm's operations to our Muadzam Shah Farm and Desaru Farm as there is no source-to-tap water to our Mawai Farm by the water utility provider. The relocation cost is estimated to be around RM500,000. As both an alternative and an additional mitigation step, FFMSB is also able to source and purchase additional raw milk from third party farmers in Malaysia and Australia to meet the shortfall in its production demands, if any, until such time our Mawai Farm is able to resume operations. For the FPE 30 September 2021, the contribution of raw milk output from our Mawai Farm as a percentage of our Group's total production requirement is about 2.4%. The estimated cost to rectify plus the possible penalty applicable is less than 0.5% of our Group's FYE 31 March 2021 PBT.

7.17.2 Non-compliances in respect of our Muadzam Shah Farm

(i) Building non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	<u>Construction of buildings without building plan approval and occupation of building without CCC</u> 14 barns had been constructed at our Muadzam Shah Farm prior to obtaining the building plan approval and have not been issued with a CCC as the issuance of the CCC is preceded by the building plan approval to be granted by the relevant authority.	Farm Fresh had on 27 October 2020 appointed a professional engineer as consultant to handle the application for the development of our Muadzam Shah Farm (which includes the planning permission approval, building plan approval and CCC). Farm Fresh had obtained the planning permission on 4 October 2021. The submission of the building plan approval requires the planning permission to be first endorsed by the relevant authority. Farm Fresh had on 8 December 2021 submitted the planning permission to the relevant authority and the planning permission was endorsed by the relevant authority on 16 December 2021. The consultants are currently finalising the documents required for the submission of the application for building plan approval. The application	The building plan approval for is expected to be obtained within 3 months from the date of submission of the application, but in any event, Farm Fresh endeavours to obtain the building plan approval prior to listing. If the building plan approval is not obtained prior to listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.	RM286,510[(1)]	<u>Construction of buildings without building plan approval</u> Farm Fresh may be liable on conviction to a fine not exceeding RM50,000[(1)] or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000[(1)] for every day during which the offence is continued after conviction. *Section 70(13) Street, Drainage and Building Act 1974.* <u>Occupation of building without CCC</u> Farm Fresh may be liable on conviction to a fine not exceeding RM250,000[(1)] or to imprisonment for a term not exceeding 10 years or to both. Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.*	No material adverse impact to our Group's business operations and financial condition because in the event Farm Fresh is required to cease using the barns, Farm Fresh will relocate the moveable fixture and biological assets at the barns to our Mawai Farm, Desaru Farm or UPM Farm. The relocation cost is estimated to be around RM95,000. For the FPE 30 September 2021, the contribution of raw milk output from our Muadzam Shah Farm as a percentage of our Group's total production requirement is about 9.2%. The estimated cost to rectify plus the possible penalty applicable is less than 0.9%[(1)] of our Group's FYE 31 March 2021 PBT.

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
		is expected to be made by 28 February 2022. Farm Fresh will obtain the CCC after the building plan approval has been granted by the relevant authority.				

7.17.3 **Non-compliances in respect of our Taiping Farm**

(i) Building non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	<u>Construction of buildings without building plan approval, occupation of buildings without CCC, and operating the farm without business premise licence</u> Farm Fresh is developing our Taiping Farm without a building plan approval from the relevant authority. As part of the development of our Taiping Farm, cow barns, feed store and raw material sheds have been constructed and	Farm Fresh had on 20 October 2020 appointed a civil and structural engineer as consultant to handle the application for the development of Taiping Farm (which includes the planning permission approval, building plan approval and CCC). Farm Fresh had obtained the planning permission approval to develop our Taiping Farm on 23 July 2021. The submission of the building plan approval requires the	The building plan approval is expected to be obtained within 3 months from the date of submission of the application, but in any event, Farm Fresh endeavours to obtain the building plan approval prior to listing. If the building plan approval is not obtained prior to	RM260,000	<u>Construction of buildings without building plan approval</u> Farm Fresh may be liable on conviction to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000 for every day during which the offence is continued after conviction. *Section 70(13) Street, Drainage and Building Act 1974.*	No material adverse impact to our Group's business operations and financial condition because in the event Farm Fresh is required to cease its dairy farming operation at our Taiping Farm, Farm Fresh will relocate its Taiping Farm's operations to our Muadzam Shah Farm. The relocation cost is estimated to be around RM10,000. There is no significant impact to the financial condition of Farm Fresh in view that

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
	Farm Fresh has started its dairy farming operation at our Taiping Farm. The aforesaid buildings constructed at our Taiping Farm have not been issued with a CCC as the issuance of the CCC is preceded by the building plan approval to be granted by the relevant authority. In addition, Farm Fresh is required to obtain a business premise licence to operate our Taiping Farm. Farm Fresh is currently unable to apply for a business premise licence to operate our Taiping Farm as one of the documents required for the application for business premise licence is the CCC issued for the buildings constructed at our Taiping Farm.	planning permission to be first endorsed by the relevant authority. Farm Fresh had on 27 October 2021 submitted the planning permission to the relevant authority. The planning permission was endorsed by the relevant authority on 3 December 2021. Farm Fresh had on 11 January 2022 submitted the application for building plan approval for three barns and a processing facility to be constructed at our Taiping Farm and is currently pending approval from the relevant authority. The consultant is currently finalising the documents required for the submission of the application for building plan approval for the remaining structures to be constructed at our Taiping Farm and the application is expected	listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.		<u>Occupation of buildings without CCC</u> Federal Land Commissioner (as the registered owner of the land) and Farm Fresh may be on conviction liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both. Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.* <u>Operating a farm without a business premise licence</u> Farm Fresh may be liable on conviction to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both and to a further fine of not exceeding RM200 for each day during which the offence continued after conviction.	our Taiping Farm has yet to contribute any revenue to Farm Fresh. For the FPE 30 September 2021, the contribution of raw milk output from our Taiping Farm as a percentage of our Group's total production requirement is about 0.2%. The estimated cost to rectify plus the possible penalty applicable is approximately 0.9% of our Group's FYE 31 March 2021 PBT.

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
		to be made by the end of March 2022. Farm Fresh will obtain the CCC after the building plan approval has been granted by the relevant authority. Once the CCC for the building constructed at our Taiping Farm has been issued, Farm Fresh will apply for the business premise licence to operate our Taiping Farm.			Additionally, the relevant authority has the power to issue an order to close down any premise which operates without the requisite business premise licence. *By-laws 3(2) and 43 of the Licensing of Trades, Businesses, and Industries (Taiping Municipal Council) By-Laws 2017.*	

7.17.4 **Non-compliances in respect of our UPM Farm**

(i) Building non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	<u>Occupation of buildings without CCC</u> The UPM-Farm Fresh ICoE (comprising cow barns, rapid exit milking station, warehouse, solid separator, worm faming	Farm Fresh had on 16 February 2021 through its appointed consultant (who is a professional engineer) submitted an	The CCC is expected to be obtained by the end of March 2022, but in any event, Farm Fresh endeavours to	RM250,000	<u>Occupation of buildings without CCC</u> Farm Fresh may be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a	No material adverse impact to our Group's business operations and financial condition because in the event Farm Fresh is required to cease occupying the building constructed at our UPM Farm, Farm Fresh will relocate its UPM Farm's operations to our Muadzam Shah Farm, Desaru

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
	house, milk processing facility, office, retail & café shop, compost barn, canopy, viewing room, fish conservatory, koi pond, pump house, water tank and toilet) was constructed at our UPM Farm prior to obtaining the building plan approval and the UPM-Farm Fresh ICoE has not been issued with a CCC as the issuance of CCC is preceded by the building plan approval to be granted by the relevant authority.	application for building plan approval to the relevant authority. The application for building plan approval has been approved by the relevant authority on 24 November 2021. Farm Fresh is in the process of obtaining the CCC and the CCC is expected to be obtained by the end of March 2022.	obtain the CCC prior to listing. If the CCC is not obtained prior to listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.		term not exceeding 10 years or to both. Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.*	Farm or Taiping Farm. The relocation cost is estimated to be around RM300,000. As both an alternative and an additional mitigation step, Farm Fresh is also able to source and purchase additional raw milk from third party farmers in Malaysia and Australia to meet the shortfall in its production demands, if any, until such time the building constructed at our UPM Farm can be occupied. For the FPE 30 September 2021, the contribution of raw milk output from our UPM Farm as a percentage of our Group's total production requirement is about 1.6%. The estimated cost to rectify plus the possible penalty applicable is less than 0.8% of our Group's FYE 31 March 2021 PBT.

7.17.5 Non-compliances in respect of our Muadzam Shah Facility

(i) Building non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	<u>Construction of buildings without building plan approval and occupation of building without CCC</u> A warehouse had been constructed at our Muadzam Shah Facility prior to obtaining the building plan approval and have not been issued with a CCC as the issuance of the CCC is preceded by the building plan approval to be granted by the relevant authority.	Farm Fresh had on 27 October 2020 appointed a professional engineer as consultant to handle the application for the development of our Muadzam Shah Facility (which includes the planning permission approval, building plan approval and CCC). Farm Fresh had obtained the planning permission dated 4 October 2021. The submission of the building plan approval requires the planning permission to be first endorsed by the relevant authority. Farm Fresh had on 8 December 2021 submitted the planning permission to the relevant authority and the planning permission was endorsed by the relevant authority on 16 December 2021. The consultant is currently finalising the documents required for the submission of the application for building plan approval. The application is expected to be made by 28 February 2022. Farm Fresh will obtain the CCC after the building plan approval has been granted by the relevant authority.	The building plan approval is expected to be obtained within 3 months from the date of submission of the application, but in any event, Farm Fresh endeavours to obtain the building plan approval prior to listing. If the building plan approval is not obtained prior to listing, the status of the non-compliance will be disclosed in Farm Fresh's quarterly report.	RM286,510[1]	<u>Construction of buildings without building plan approval</u> Farm Fresh may be liable on conviction to a fine not exceeding RM50,000[1] or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of RM1,000[1] for every day during which the offence is continued after conviction. *Section 70(13) Street, Drainage and Building Act 1974.* <u>Occupation of building without CCC</u> Farm Fresh may be liable on conviction to a fine not exceeding RM250,000[1] or to imprisonment for a term not exceeding 10 years or to both. Additionally, the local authority may order for any such buildings without a CCC to be demolished. *Sections 70(27)(f) and 72 Street, Drainage and Building Act 1974.*	No material adverse impact to our Group's business operations and financial condition because in the event Farm Fresh is required to cease using the said warehouse, it will engage warehousing services. The relocation cost is estimated to be RM20,000 and Farm Fresh is expected to incur an additional cost of RM50,000 per month for the warehousing services. The estimated cost to rectify plus the possible penalty applicable is approximately 0.9%[1] of our Group's FYE 31 March 2021 PBT.

(ii) Operational non-compliances

No.	Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
1.	The labels for certain UHT products are not in compliance with the Food Regulations 1985 ("**Food Regulations**"). The labels for the following UHT products are not in compliance with the Food Regulations: (a) Henry Jones full cream milk products require the label on the package to contain the words "full cream milk"; (b) flavoured milk products require the label on the package to have the words "flavoured milk" or the name of the flavour conjoined with the words "flavoured milk"; (c) yoghurt drink products require the label on the package to state the word "flavoured yoghurt drink"; and (d) the label of the package of the plant-based beverages shall not contain the word "milk".	Farm Fresh is in the process of revising the labels for the relevant products to comply with the Food Regulations. The Ministry of Health Malaysia has, vide its letter dated 30 August 2021 granted a grace period of up to 28 February 2022 for Farm Fresh to use its existing product labels.	28 February 2022.	RM100,000	Farm Fresh (including their directors and officers) may be liable on conviction to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years. *Section 33A of the Food Act 1983 and Regulation 397 of the Food Regulations.*	There is no material adverse impact to our Group's business operations and financial condition as Farm Fresh will have sufficient time to revise the labels for the relevant products. The estimated cost to rectify plus the possible penalty applicable is less than 0.2% of our Group's FYE 31 March 2021 PBT.

Note:

(1) In aggregate with our Muadzam Shah Facility or Farm, as the case may be.

7.17.6 Overall impact of the non-compliances

The table below shows a summary of the total estimated costs (being the costs to rectify plus possible penalties applicable) relating to all the non-compliances mentioned in this Section 7.17.

	Production volume Raw milk output/ Processed finished products for FPE 30 September 2021	% of Group's total production requirement for FPE 30 September 2021	Estimated cost to rectify the non-compliances	Possible penalty applicable to all non-compliances	Total estimated costs	% of FYE 31 March 2021 PBT
	(million litres)		(RM)	(RM)	(RM)	
Non-compliant farm/facility						
Mawai Farm	0.89	2.4%	465,000	1,152,500	1,617,500	2.4%
Muadzam Shah Farm	3.48	9.2%	386,510	310,000	696,510	1.0%
Muadzam Shah Facility	19.99	48.6%				
Taiping Farm	0.07	0.2%	260,000	302,000	562,000	0.8%
UPM Farm	0.59	1.6%	250,000	250,000	550,000	0.7%
Total			**1,361,510**	**2,014,500**	**3,376,010**	**4.9%**

The annual raw milk output of each of our affected farms (being the farms which risk closure and/or relocation, namely our Mawai Farm, Taiping Farm and UPM Farm) ranges from 0.2% to 2.4%, and in aggregate represents 4.2% of our Group's total annual raw milk output for the FPE 30 September 2021. Our affected farms, individually and collectively, do not have a material adverse impact to the business operations of our Group as our Group is also able to source and purchase additional raw milk from third party farmers in Malaysia and Australia to meet the shortfall in our production demands (if any).

On the other hand, the estimated costs to rectify the non-compliances and the penalties applicable to all the non-compliances ranges from 0.7% to 2.4% of our Group's PBT for the FYE 31 March 2021. The impact of the non-compliances to our Group, individually and collectively, is not expected to have a material impact to the business operations and financial condition of our Group on the basis that the total estimated costs of all the non-compliances represents less than 5% of our Group's PBT for the FYE 31 March 2021. As at the LPD, our Group has not received any fines or penalties imposed by the relevant authorities in respect of the non-compliances. Further, given our Group's business nature, locations of the farms in different states in Peninsular Malaysia as well as the remedial actions above, the risk of our Group being convicted or all the affected farms of our Group being subject to simultaneous enforcement resulting in forced closures or cessation of operations at once is mitigated.

Notwithstanding that the outstanding non-compliance incidents may remain unresolved by the time of our Listing, our Group undertakes to procure the necessary and continue making the necessary applications to or engage with the relevant authorities to resolve the same. These will include our management of our Group following-up closely and liaising with the relevant authorities to address any queries and requirements raised by the relevant authorities throughout the application and deliberation process until a resolution is achieved. We undertake to update our shareholders on the status of our efforts to remedy / resolve the outstanding non-compliance incidents in our quarterly reports.

7.18 **Internal control measures to prevent the recurrence of non-compliance incidents**

Our Directors have implemented the following measures to enhance the internal control system of our Group and prevent the recurrence of the non-compliance incidents set out in Section 7.17 of this Prospectus:

(i) on 27 September 2021, we have established an Audit and Risk Management Committee which comprises entirely Independent Non-Executive Directors, namely Sukanta Kumar Dutt, Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam and Jocelyn Ng. The Audit and Risk Management Committee has adopted its terms of reference which sets out its duties and obligations, amongst others, to oversee the financial risk processes, accounting policies and financial reporting practices and the risk management framework and its related policies within our Group, review the quality of our Group's internal control, accounting function and financial reporting system and the risk management framework and processes to ensure that they remain relevant for use and monitor the effectiveness of risk treatment/mitigation action plans for the management and control of key risks, in addition to other matters as instructed by our Board;

(ii) we have established an internal audit function within our Group, headed by our Head of Audit and Risk who was appointed on 1 April 2021, for purposes of providing independent assurance to our Board (via the Audit and Risk Management Committee) and management regarding our organisation's corporate governance, risk management and internal controls through audit procedures designed to evaluate effectiveness of internal controls and assessing compliance with policies and laws and regulations and provide recommendations on improving the risk management and compliance of our Group, amongst other things. With regard to the non-compliances incidents as set out in Section 7.17 of this Prospectus, our Head of Audit and Risk will be responsible for reviewing the status of implementation of the rectification measures as well as the effectiveness of our on-going measures, including the internal control measures adopted by our Audit and Risk Management Committee to prevent future non-compliance incidents. Our Head of Audit and Risk will report directly to our Audit and Risk Management Committee on the status of our compliance with licences, permits and approvals, as well as with the relevant laws and regulations governing our business operations, and other audit findings pertaining to internal controls and risk management effectiveness;

(iii) where necessary, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and compliance, and to provide us updates on the applicable laws related to our business operations from time to time after our Listing. We will also engage professionals where necessary to provide training to our Directors and employees to develop a clear understanding of matters related to our internal controls and compliances for them to leverage on their understanding to enhance our policies and processes and implementation of the same;

(iv) on 22 November 2019, we engaged KPMG to perform an evaluation of the adequacy and effectiveness of our Group's internal control system, including the areas of governance, financial, operation, compliance and risk management. Following such review and evaluation performed by KPMG, we implemented all of the recommendations given by KPMG on our internal control system which relate to the non-compliance incidents mentioned in Section 7.17 of this Prospectus and put in place policies such as our code of conduct and business ethics, whistle blowing policy, personal data privacy policy and ethical trading policy. In addition, we will continue to review and evaluate our internal control system and where necessary effect improvements to reflect new or changing risks or operational requirements to ensure the effectiveness of our internal control system; and

(v) on 30 August 2021, we have established a NPL Committee which is chaired by Loi Tuan Ee, our Group Managing Director and Group Chief Executive Officer, with members comprising our Group Chief Operating Officer, our Group Chief Financial Officer, our

Head of Audit and Risk and one representative from each of our Group's sales team, production team, procurement team, internal audit team, and quality control team and compliance team. The NPL Committee will be responsible for reviewing all facets of our product launch. The NPL Committee will identify various risks and defects for each step of the packaging process, coding and labelling, inspection and storage and specifically ensuring that our Group's business departments follow the internal policies for each step of our operations, including ensuring that all new products to be launched and marketed by our Group are in compliance with applicable laws and regulations. In addition, the role and responsibility of our Head of Audit and Risk Group's compliance and risk control officer will be enhanced to include carrying out checks on the packaging of all our products to ensure that our products are correctly labelled and conform to applicable laws and regulations.

7.19 Business interruption

Save as disclosed below, we did not experience any interruption to our business that caused a significant effect on our operations during the 12-month period prior to the date of this Prospectus.

Impact of COVID-19 on our Business

The COVID-19 pandemic, together with the resulting travel restrictions and quarantine and lockdown measures imposed in Malaysia, has not had a material adverse impact on our business and operations. While the Government of Malaysia ordered all government and private premises to close with the imposition of a Movement Control Order ("**MCO**") pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 with effect from 18 March 2020 to 3 May 2020 (the "**First MCO Period**"), we were allowed to continue operating during that time as an "essential service" since we supply and produce milk and other dairy products which are consumed on a regular basis. The Malaysian Government imposed another MCO with effect from 13 January 2021 to 18 February 2021 (the "**Second MCO Period**"). Subsequently, the Malaysian Government announced a nationwide reimposition of MCO with effect from 12 May 2021 to 7 June 2021 (the "**Third MCO Period**"). Following the increases in the number of new COVID-19 cases, the Malaysian Government implemented a nationwide total lockdown with effect from 1 June 2021 to 14 June 2021 (the "**Full MCO Period**"). On 15 June 2021, the Malaysian Government introduced a four-phase national recovery plan where a different degree of travel restrictions and restriction in the operation of various economic sectors are implemented in each phase of the national recovery plan (the "**National Recovery Plan**"). As at the LPD, all states and federal territories in Malaysia are in phase 4 of the National Recovery Plan. As at the LPD, neither the First MCO Period, the Second MCO Period, the Third MCO Period, the Full MCO Period nor the National Recovery Plan has had a material adverse impact on our business operations and financial condition.

Measures and precautions

We implemented several measures aimed at minimising risk to our operations and employees while concurrently maintaining our business continuity. These measures and precautions include the following:

- Implementing screening procedures to manage the flow of staff and visitors during the COVID-19 pandemic.
- Developing and communicating various written policies on COVID-19 to staff via circulars.
- Ensuring information, training and COVID-19 related surveillance is provided and dispersed.
- Appointing staff to do temperature checking and monitor workers and visitor health.

- Requiring staff to scan the QR code using the MySejahtera app developed by the Government of Malaysia every time they enter the workplace and restricting entry to only allow staff with a low risk reflected on the MySejahtera app to enter the workplace.
- Instructing supervisors to monitor symptoms of staff at the workplace.
- Monitoring sick leave and absenteeism among staff, keeping a record of staff sick leave including reasons for leave, duration of leave and current status.
- Implementing thorough health and safety measures at all our farms and production facilities, including social distancing, no-handshaking policy, encouragement to wear a proper face mask, frequent washing or sanitisation of hands.
- Implementing thorough disinfection and cleaning of the general work environment and company vehicles.

Please see Sections 5.1.5 and 12.2.2(v) of this Prospectus for more details on the impact of COVID-19 on our business, financial condition and results of operations.

7.20 Employees

As we consider our employees to be our biggest asset, one of our key strategy pillars is to constantly develop our human capital.

We seek to develop local talent in the areas where we operate with a view to co-existing harmoniously with the local communities in such areas. In Muadzam Shah, for instance, we have employed a total of 104 local employees in our dairy farm, six of whom are from the indigenous population ("**Orang Asli**"), and a further 142 local employees, including five Orang Asli, in our processing facility. In Australia, the Australian Group employs a total of 55 employees. Currently, 41 personnel are employed by Goulburn Valley Creamery and 14 by Henry Jones Foods.

Our belief in our human resource as our most vital resource also translates to our commitment to safeguard our employees' safety, health and welfare by creating a sound and comfortable working environment which we believe cultivates happy and healthy employees. Our commitment to this is reflected in the following initiatives we have adopted:

- implementing thorough health & safety measures (SOPs) at all our farms and production facilities;
- providing housing to certain of our employees;
- providing a 50% meal subsidy for farm-based employees;
- encouraging sustainable living amongst farm-based employees by growing vegetables and rearing fish on-site, which are then provided to employees free of charge for their daily meals; and
- providing training sessions to our employees periodically to improve their relevant skills and knowledge.

Further, during the COVID-19 pandemic, we provided additional accommodation facilities to separate our employees from mixing with other employees and enable them to have a short walk, i.e. not subject to the daily commute thereby reducing the risk of contracting the COVID-19 virus.

We believe strongly in supporting our human capital, especially in times of crises or financial hardship and have previously extended micro-loans to certain employees going through financial difficulties.

Our operations and financial affairs are centrally managed out of our headquarters in Malaysia. As at the LPD, we have a total workforce of 764 employees, of which 755 are permanent employees and nine are contract employees. Out of all our employees, 716 are local (including both local employees in Malaysia and Australia) and the remaining 48 are foreign employees in Malaysia who are involved in the farms and processing plants.

The following depicts the number of employees in our Group categorised by business function or department as at the LPD:

Business function/ department	As at the LPD	
	Number of employees	Percentage of total
Key senior management	6	0.8%
Management	44	5.8%
Administration	104	13.6%
Sales, branding, marketing and product management	21	2.7%
Production and operations	532	69.6%
Quality assurance and control	57	7.5%
Total	**764**	**100.0%**

The following depicts the number of employees in our Group categorised by geographic location as at the LPD:

Location	As at the LPD	
	Number of employees	Percentage of total
Malaysia	709	92.8%
Australia	55	7.2%
Total	**764**	**100.0%**

We generally do not experience any significant seasonal fluctuations in the number of our full-time employees and contract employees.

We believe we have maintained good relationships with our employees. As at the LPD, with the exception of 16 employees at our Australian subsidiary, Henry Jones Foods who are members of the Australian Manufacturing Workers Union ("**AMWU**"), none of our employees are members of any union and we have not experienced any labour disputes in the past that caused a material disruption to or materially affected our operations. In addition, all our foreign workers have valid working permits in Malaysian and Australia, and there has been no breach of any immigration laws by our Group in these countries.

7.21 Intellectual property and trademarks

Our material brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights, as at the LPD, are set out in Annexure C of this Prospectus. Please refer to Annexure C of this Prospectus for further details.

7.22 Governing laws and regulations relating to Malaysia and Australia

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia and Australia. The relevant laws and regulations governing us and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and is only intended to provide general information to investors. It is not intended to be a substitute for independent professional advice.

In Malaysia, our business is subject to a number of Malaysian laws and regulations including but not limited to:

- National Land Code;

- *Street, Drainage and Building Act 1974;*
- *Industrial Coordination Act 1975; and*
- *Environmental Quality Act 1974.*

In Australia, our business is subject to a number of Australian laws and regulations including but not limited to:

- *Corporations Act 2001 (Cth);*
- *Dairy Act 2000 (Vic);*
- Australia New Zealand Food Standards Code;
- *Food Act 1984 (Vic); and*
- *Water Act 1989 (Vic).*

Please refer to Annexure F of this Prospectus for further details.

7.23 Material properties and material equipment

Details of our material properties, whether owned or leased/tenanted, and our material equipment are set out in Annexure B of this Prospectus.

7.24 Material dependency on commercial contracts, agreements or other arrangements

As at the LPD, there are no contracts, agreements, other arrangements or other matters entered into by or issued to us or on which we are materially dependent on, and which are material to our business and profitability, save as those described in Annexure E of this Prospectus.