

3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

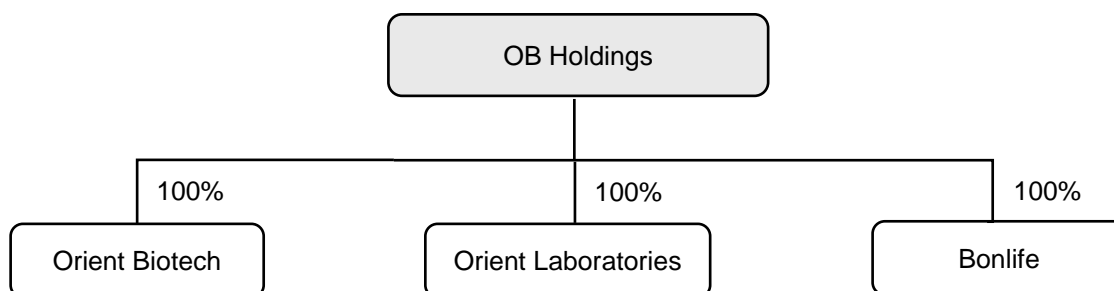
The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

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

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

3.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

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



3. PROSPECTUS SUMMARY (CONT'D)

The principal activities of our subsidiaries are as follows:

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

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

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

Notes:

- (1) Including the contract packing services of milk powder, tea leaves, honey, herb powder, fruit powder and liquid chlorophyll into retail packaging sizes which contributed RM 2.90 million, RM 3.61 million and RM 1.27 million, respectively, to our Group's revenue during the Financial Years Under Review.
- (2) Besides our principal business activities, we also undertake other activities such as laboratory tests services, freight services and the sales of packaging materials, pallets and face masks on ad hoc basis.

3. PROSPECTUS SUMMARY (CONT'D)

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

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

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

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

(iii) Trading of milk powder and other activities

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

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

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

3.3 COMPETITIVE STRENGTHS

Our Group's competitive strengths are set out below:

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

Having been in the industry for 28 years, we have gained extensive experience in the formulation and manufacturing of fortified F&B and dietary supplements. Our ability to provide fully customisable manufacturing services to our customers is supported by our in-house capability in product development to develop products that fulfils the needs of consumers of various demographic profiles and lifestyles such as children, women, health-conscious individuals, and the elderly. In addition, we conduct internal market research to keep abreast with latest market trends, consumer preferences and updates on manufacturing technology. Through the internal market research, we will identify popular products in the market, including the pricing range, content of active ingredients, selling points and packaging sizes of the products.

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

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

3. PROSPECTUS SUMMARY (CONT'D)

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

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

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

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

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

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

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

3. PROSPECTUS SUMMARY (CONT'D)

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

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

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

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

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

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

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

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

3. PROSPECTUS SUMMARY (CONT'D)

3.5 RISK FACTORS

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

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

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

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

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

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

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

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

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

3. PROSPECTUS SUMMARY (CONT'D)

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

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

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

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

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

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

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

3. PROSPECTUS SUMMARY (CONT'D)

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

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

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

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

Based on the IPO Price of RM[●], the total gross proceeds of RM[●] million from our Public Issue will be utilised by our Group in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from our Listing date)
(a) Business expansion:			
- Repayment of bank borrowings	[●]	[●]	Within 36 months
- Purchase of machines	[●]	[●]	Within 36 months
- Product development expenditure	[●]	[●]	Within 36 months
(b) Marketing and advertisement	[●]	[●]	Within 24 months
(c) Working capital	[●]	[●]	Within 24 months
(d) Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	100.00	

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. Further details on the use of proceeds are set out in Section 4.4 of this Prospectus. The financial impact of the use of proceeds from our Public Issue is illustrated in our Pro Forma Combined Statements of Financial Position as at 31 May 2023 are set out in Section 13 of this Prospectus.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

	Audited		
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Revenue	29,719	43,558	46,449
Cost of sales	(17,767)	(25,288)	(27,479)
GP	11,952	18,270	18,970
Other income	638	228	5,519 ⁽¹⁾
PBT	6,445	10,784	12,251
PAT	4,711	8,224	9,572
Total assets	30,551	52,690	44,947
Total equity	20,097	27,121	26,804
Total liabilities	10,454	25,569	18,143

3. PROSPECTUS SUMMARY (CONT'D)

The key financial ratios of the Group are as follows:

	FYE 2021	FYE 2022	FYE 2023
GP margin (%) ⁽²⁾	40.22	41.94	40.84
PBT margin (%) ⁽³⁾	21.69	24.76	26.38
PAT margin (%) ⁽⁴⁾	15.85	18.88	20.61
Effective tax rate (%) ⁽⁵⁾	26.90	23.74	21.87
Average trade receivables turnover period (days) ⁽⁶⁾	57	43	34
Average trade payables turnover period (days) ⁽⁷⁾	41	50	41
Average inventories turnover period (days) ⁽⁸⁾	141	164	190
Current ratio (times) ⁽⁹⁾	2.00	1.02	3.46
Gearing ratio (times) ⁽¹⁰⁾	0.28	0.19	0.53

Notes:

- (1) Other income includes one-off net gain from the disposal of investment properties of RM4.11 million and a right-of-use asset of RM0.63 million, respectively.
- (2) GP margin is calculated based on GP divided by revenue.
- (3) PBT margin is calculated based on PBT divided by revenue.
- (4) PAT margin is calculated based on PAT divided by revenue.
- (5) Effective tax rate is calculated based on income tax expense divided by PBT.
- (6) Computed based on average trade receivables which was derived based on the average sum of the opening balances and closing balances of trade receivables net of impairment loss of the respective financial years over the revenue of the respective financial year, multiplied by 365 days.
- (7) Computed based on average trade payables which was derived based on the average sum of the opening balances and closing balances of trade payables of the respective financial years over the cost of materials consumed of the respective financial year, multiplied by 365 days.
- (8) Computed based on average inventories which was derived based on the average sum of the opening balances and closing balances of inventories of the respective financial years over the cost of materials consumed of the respective financial year, multiplied by 365 days.
- (9) Computed based on current assets divided by current liabilities.
- (10) Computed based on total borrowings divided by total equity.

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

3. PROSPECTUS SUMMARY (CONT'D)

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

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

Notes:

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

For the Financial Years Under Review, our top 5 major customers contributed to 63.84%, 66.48% and 58.11% of our Group's revenue, respectively; whereas our top 5 major suppliers contributed 58.22%, 56.06% and 35.92% of our Group's total purchases, respectively. Further details on our Group's major customers and major suppliers are set out in Sections 7.18 and 7.19 of this Prospectus.

3.10 DIVIDEND POLICY

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

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

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

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