



PASTURE HOLDINGS LTD.
(Company Registration No. 201731601W)
(Incorporated in the Republic of Singapore on 3 November 2017)

PLACEMENT OF 20,000,000 PLACEMENT SHARES
PLACEMENT PRICE: S\$0.25 PER PLACEMENT SHARE

Prior to making a decision to subscribe for the Placement Shares, you should carefully consider all the information contained in the offer document dated 31 May 2023 (the “Offer Document”) issued by Pasture Holdings Ltd. (our “Company”) carefully and whether you understand what is described in the Offer Document. This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Placement Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Placement Shares, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.

This Product Highlights Sheet¹ is an important document.

- It highlights the key information and risks relating to the offer of the Placement Shares contained in the Offer Document. It complements the Offer Document².
- You should not subscribe for the Placement Shares if you do not understand the nature of an investment in the Placement Shares, shares of a company, our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact our Company or the Issue Manager, Sponsor and Placement Agent to ask for one.

Issuer	Pasture Holdings Ltd.	Place of incorporation	Singapore
Details of this offer	Total number of Shares to be offered under the Placement: 20,000,000 Placement Shares	Total amount to be raised in this offer	Gross proceeds of approximately S\$5.0 million and net proceeds of approximately S\$3.1 million to be raised from the Placement.
Placement Price	S\$0.25 per Placement Share	Listing status of Issuer and the Securities	An application has been made to the SGX-ST for permission to deal in, and for quotation of, all our existing issued Shares, the Placement Shares and the Award Shares on Catalist. The Shares are expected to be listed on 9 June 2023.
Issue Manager, Sponsor and Placement Agent	PrimePartners Corporate Finance Pte. Ltd.		

¹ This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

² The Offer Document registered by the SGX-ST, acting as agent on behalf of the Authority, on 31 May 2023 may be obtained on request, subject to availability, during office hours from PrimePartners Corporate Finance Pte. Ltd. at its address stated in the Offer Document. A copy of the Offer Document is also available on the SGX-ST’s website at <http://www.sgx.com>.

OVERVIEW

WHO ARE WE AND WHAT DO WE DO?

Our Group is a pharmaceutical products and medical supplies and devices company based in Singapore. With over 26 years of track record, we have seen steady business growth and development and the expansion of our position globally, through the development of core competencies across the pharmaceutical products and medical supplies and devices industry, such as the development of a range of proprietary masks under our *Pasture Masks* brand, as well as other pharmaceutical products.

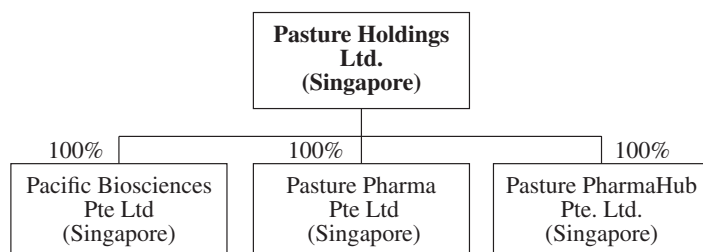
We are primarily a business-to-business and business-to-government goods and services provider, with our major customers being distributors of pharmaceutical products and medical supplies and devices, as well as governments and institutional customers such as hospitals, pharmacies and other healthcare institutions. Notwithstanding this, we are continuously looking to expand into new markets, including business-to-consumer markets such as the pet pharmaceuticals market. In this regard, we are constantly looking to innovate and develop new products and solutions that improve and maximise quality of life.

Our core business comprises three (3) key business segments:

- (a) **Mask and Medical Supplies:** We develop, market and sell our *Pasture Masks*, which are our own proprietary range of masks developed through collaboration with our contract manufacturers. Our *Pasture Masks* are classified into the following sub-categories: (i) surgical masks; (ii) N95 respirators; (iii) surgical N95 respirators; and (iv) N95 respirators for general public use. We also engage in the business of wholesale procurement of medical supplies and devices.
- (b) **Pharmaceutical Wholesale and Drop-Shipment:** We engage in the wholesale procurement and transshipment of pharmaceutical and nutraceutical products. In particular, we specialise in cold-chain management services relating to temperature-sensitive pharmaceutical products, such as vaccines, oncology products and medical aesthetics products. We also engage in the wholesale of pet pharmaceutical and nutraceutical products. In addition, we provide drop-shipment services, which serves as back-end support of pharmaceutical wholesale supplies to our international clients' wholesale pharmacy businesses.
- (c) **Other Services:** We also seek to develop new lines of products and services and have expanded into the following complementary services within the pharmaceutical products and medical supplies and devices industry:
 - (i) **Hart-S ODS:** We market and sell *Hart-S ODS*, which is our own range of ODS (or oral disintegrating strips) designed to provide a novel mode of medicinal administration for sildenafil, a drug mainly used to treat erectile dysfunction.
 - (ii) **furlife:** Building on our Group's experience in the wholesale of pet pharmaceutical and nutraceutical products, we introduced *furlife*, which is a mobile application intended to provide a comprehensive suite of pet health and nutrition services for pet owners, including a digital health tracker, an online marketplace for pet pharmaceuticals and nutraceuticals, as well as access to various pet health services.

As at the Latest Practicable Date, we serve more than 50 countries worldwide and develop our *Pasture Masks* through five (5) outsourced mask manufacturing facilities in the region and one (1) outsourced pharmaceutical manufacturing facility in respect of our *Hart-S ODS*. In addition, we have supplied more than 1,000 third-party pharmaceutical products to our customers and have obtained 14 FDA clearances and 20 NIOSH certifications in respect of our *Pasture Masks*.

The structure of our Group as at the date of the Offer Document is as follows:



Refer to “Offer Document Summary – Business Overview” on page 33, “Group Structure” on page 86 and “General Information on our Group – Business Overview” on pages 131 to 132 of the Offer Document for more information.

WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Directors are Mr. Lloyd Soong (Executive Chairman), Ms. Claire Soong (Alternate Director to Mr. Lloyd Soong), Mr. Prashanth Palepu (Non-Executive Director), Mr. Michael Lim (Non-Executive and Lead Independent Director), Ms. Claudia Teo (Non-Executive and Independent Director) and Ms. Sharon Low (Non-Executive and Independent Director).

Our Executive Officers are Mr. Lloyd Soong (Chief Executive Officer), Mr. Titus Cheong (Chief Financial Officer), Ms. Ho Huey-Yi (Chief Pharmacist) and Ms. Claire Soong (Digital Marketing Manager).

Refer to “*Directors, Executive Officers and Employees*” on pages 211 to 221 of the Offer Document for more information on our directors and key executives.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

Immediately following the completion of the Placement, our Controlling Shareholders, namely PMI Holdings Pte. Ltd. and Plutus Star Holding Pte. Ltd., will hold in aggregate approximately 84.8% of the issued share capital of our Company post-Placement, with PMI Holdings Pte. Ltd. holding approximately 56.0% of the issued share capital of our Company and Plutus Star Holding Pte. Ltd. holding approximately 28.8% of the issued share capital of our Company.

Mr. Lloyd Soong, our Executive Chairman and Chief Executive Officer, holds the entire issued and paid-up share capital of PMI Holdings Pte. Ltd.. Accordingly, Mr. Lloyd Soong is deemed to have an interest in all the Shares held by PMI Holdings Pte. Ltd. by virtue of Section 4 of the SFA. Mr. Prashanth Palepu, our Non-Executive Director, together with Mr. Pranay Palepu and Mr. Srinivasa Gopal Palepu, hold 25.0%, 25.0% and 50.0% of the issued and paid-up share capital of Plutus Star Holding Pte. Ltd., respectively. Accordingly, each of them is deemed to have an interest in all the Shares held by Plutus Star Holding Pte. Ltd. by virtue of Section 4 of the SFA.

Refer to “*Shareholders – Ownership Structure*” on pages 80 to 81 of the Offer Document for more information.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Selected Items from our Consolidated Statements of Profit or Loss and Other Comprehensive Income

	← Audited →			← Unaudited →			
						FY2022 (pro forma)	1Q2023 (pro forma)
US\$'000	FY2020	FY2021	FY2022	1Q2022	1Q2023		
Revenue	16,622	13,170	15,131	5,173	2,140	15,131	2,140
Profit/(loss) before tax	2,432	1,857	2,860	1,704	(374)	3,133	(361)
Profit/(loss) net of tax and total comprehensive income/(loss)	2,058	1,556	2,450	1,414	(374)	2,723	(361)
Pre-Placement EPS/(LPS) (US cents) ⁽¹⁾	1.84	1.39	2.19	1.26	(0.33)	2.43	(0.32)
Post-Placement EPS/(LPS) (US cents) ⁽²⁾	1.56	1.18	1.86 ⁽³⁾	1.07	(0.28)	2.06 ⁽⁴⁾	(0.27)

Notes:

- (1) For comparative purposes, EPS/(LPS) for the Period Under Review has been computed based on the profit/(loss) net of tax and total comprehensive income/(loss) and our pre-Placement share capital of 112,000,000 Shares (after adjusting for the Share Split).
- (2) For comparative purposes, EPS adjusted for the Placement for the Period Under Review has been computed based on the profit/(loss) net of tax and total comprehensive income/(loss) and our post-Placement share capital of 132,000,000 Shares.
- (3) Had the Service Agreements (as set out in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of the Offer Document) been in effect since 1 July 2021, the profit net of tax and total comprehensive income and adjusted EPS based on our Company’s post-Placement share capital of 132,000,000 Shares for FY2022 would have been approximately US\$2.2 million and 1.69 US cents, respectively.
- (4) Had the Service Agreements (as set out in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of the Offer Document) been in effect since 1 July 2021, the unaudited *pro forma* profit net of tax and total comprehensive income and adjusted EPS based on our Company’s post-Placement share capital of 132,000,000 Shares for FY2022 would have been approximately US\$2.5 million and 1.90 US cents, respectively.

Refer to “*Offer Document Summary – Summary of our Financial Information*” on pages 34 to 35, “*Summary of our Financial Information*” on pages 88 to 92, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” on pages 93 to 123, “*Appendix A – Independent Auditor’s Report on the Audited Consolidated Financial Statements for the Financial Years Ended 30 June 2020, 2021 and 2022*” on pages A-1 to A-51, “*Appendix B – Independent Auditor’s Review Report and the Interim Unaudited Consolidated Financial Statements for the Three-Month Period Ended 30 September 2022*” on pages B-1 to B-33 and “*Appendix C – Independent Auditor’s Assurance Report and the Compilation of the Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 30 June 2022 and Three-Month Period Ended 30 September 2022*” on pages C-1 to C-17 of the Offer Document for more information on our financial performance and position.

Selected Items from our Consolidated Statements of Financial Position

US\$'000	Audited			Unaudited		
	As at 30 June 2020	As at 30 June 2021	As at 30 June 2022	As at 30 September 2022	As at 30 June 2022 (pro forma)	As at 30 September 2022 (pro forma)
Non-current assets	1,403	1,335	1,727	1,739	465	485
Current assets	10,929	5,745	5,845	5,683	6,566	6,376
Total assets	12,332	7,080	7,572	7,422	7,031	6,861
Non-current liabilities	796	748	836	797	150	128
Current liabilities	9,037	5,027	5,081	5,344	5,016	5,279
Total liabilities	9,833	5,775	5,917	6,141	5,166	5,407
Total equity	2,499	1,305	1,655	1,281	1,865	1,454
NAV per share (US cents) ⁽¹⁾	2.23	1.17	1.48	1.14	1.67	1.30

Note:

- (1) The NAV per Share has been computed based on NAV attributable to the owners of our Company and our pre-Placement share capital of 112,000,000 Shares (after adjusting for the Share Split).

Selected Items from our Consolidated Statements of Cash Flows

US\$'000	Audited			Unaudited
	FY2020	FY2021	FY2022	1Q2023
Net cash flows from/(used in) operating activities	2,155	2,152	2,291	(375)
Net cash flows from/(used in) investing activities	627	(47)	(183)	(51)
Net cash flows used in financing activities	(1,479)	(1,399)	(1,642)	(61)
Net increase/(decrease) in cash and cash equivalents	1,303	706	466	(487)
Cash and cash equivalents at the beginning of the year/period	1,201	2,504	3,210	3,676
Cash and cash equivalents at the end of the year/period	2,504	3,210	3,676	3,189

The most significant factors contributing to our financial performance in FY2021 as compared to FY2020 were as follows:

- Our revenue decreased by approximately US\$3.4 million or 20.8% from approximately US\$16.6 million in FY2020 to approximately US\$13.2 million in FY2021 mainly due to a decrease in sales of masks and other medical supplies of approximately US\$6.0 million as a result of (a) export restrictions on masks implemented by certain countries where our Group's contract manufacturers were based during the COVID-19 pandemic; and (b) a significantly reduced demand for masks in FY2021 due to the easing of COVID-19 restrictions globally. The decrease was partially offset by an increase in revenue of approximately US\$2.5 million from our pharmaceutical wholesale and drop-shipment segment mainly due to an increase in sale of pharmaceutical products and related logistics and delivery services due to increased demand from our existing and new customers.
- Our costs of sales decreased by approximately US\$3.6 million or 26.8% from approximately US\$13.3 million in FY2020 to approximately US\$9.7 million in FY2021. The decrease was mainly due to (a) the decrease in the purchase cost of masks and medical supplies of approximately US\$3.3 million; and (b) the decrease in freight charges of approximately US\$0.3 million, which was in line with the decrease in revenue.

- Our gross profit increased by approximately US\$0.1 million or 3.3% from approximately US\$3.4 million in FY2020 to approximately US\$3.5 million in FY2021 mainly due to an increase in gross profit margin from approximately 20.1% in FY2020 to approximately 26.2% in FY2021. This was mainly due to the increase in the gross profit margin from our mask and medical supplies segment mainly due to higher sales of our N95 respirators in FY2021, which has a higher gross profit margin as compared to FY2020 where we sold a significant amount of mask models with a lower gross profit margin, to meet the strong demand arising from mask wearing requirements and guidelines that were widely implemented in various countries to curb the spread of the COVID-19 pandemic. This was partially offset by a decrease in the margin from our pharmaceutical wholesale and drop-shipment segment due to an increase in the cost of certain pharmaceutical products.
- Our profit before tax decreased by approximately US\$0.5 million or 23.6% from approximately US\$2.4 million in FY2020 to approximately US\$1.9 million in FY2021. This was mainly due to (a) a decrease in other income and gains of approximately US\$0.4 million; (b) an increase in administrative expenses of approximately US\$0.2 million; and (c) an increase in other losses of approximately US\$0.2 million. This was partially offset by an increase in gross profit of approximately US\$0.1 million and a decrease in marketing and distribution costs of approximately US\$0.1 million.

The most significant factors contributing to our financial performance in FY2022 as compared to FY2021 were as follows:

- Our revenue increased by approximately US\$1.9 million or 14.9% from approximately US\$13.2 million in FY2021 to approximately US\$15.1 million in FY2022 mainly due to the increase in (a) revenue from sales of masks and other medical supplies by approximately US\$0.3 million as the restrictive measures that were disrupting supply chains were gradually eased, which caused a growth in demand within the healthcare and government sectors, as evidenced by the increase in total number of masks sold from FY2021 to FY2022; and (b) revenue from our wholesale and drop-shipment segment by approximately US\$1.6 million, mainly attributable to the easing of the border controls globally that resulted in an increase in our wholesale trading and logistic activities.
- Our cost of sales increased by approximately US\$1.0 million or 10.1% from approximately US\$9.7 million in FY2021 to approximately US\$10.7 million in FY2022. The increase was mainly due to (a) the increase in the cost of other medical supplies and pharmaceutical products of approximately US\$0.6 million; and (b) the increase in freight charges of approximately US\$0.3 million as a result of an increase in export wholesale trading and logistics activities, which were in line with the increase in revenue.
- Our gross profit increased by approximately US\$0.9 million or 28.4% from approximately US\$3.5 million in FY2021 to approximately US\$4.4 million in FY2022 mainly due to an increase in gross profit margin from approximately 26.2% in FY2021 to approximately 29.3% in FY2022, where the increase in revenue exceeded the increase in cost. This was mainly due to higher gross profit margin from our mask and medical supplies segment due to increased sales volume of our N95 respirators which our Group was able to sell at a higher margin. This was partially offset by a decrease in the margin from our pharmaceutical wholesale and drop-shipment segment due to an increase in the cost of certain pharmaceutical products.
- Our profit before tax increased by approximately US\$1.0 million or 54.0% from approximately US\$1.9 million in FY2021 to approximately US\$2.9 million in FY2022. This was mainly due to an increase in gross profit of approximately US\$1.0 million.

The most significant factors contributing to our financial performance in 1Q2022 as compared to 1Q2023 were as follows:

- Our revenue decreased by approximately US\$3.0 million or 58.6% from approximately US\$5.1 million in 1Q2022 to approximately US\$2.1 million in 1Q2023 mainly due to the decrease in (a) revenue from sales of masks and other medical supplies by approximately US\$2.8 million attributable to the decrease in orders from Malaysia and Thailand as a result of lower demand from the local healthcare and government sectors; and (b) revenue from our wholesale and drop-shipment business segment by approximately US\$0.2 million mainly attributable to decrease in orders from our customers.
- Our cost of sales decreased by approximately US\$1.3 million or 40.8% from approximately US\$3.1 million in 1Q2022 to approximately US\$1.8 million in 1Q2023. The decrease was mainly due to (a) a decrease in the purchase costs of masks and medical supplies of approximately US\$1.2 million; and (b) a decrease in freight charges of approximately US\$36,000, which were in line with the decrease in revenue.

- Our gross profit decreased by approximately US\$1.8 million or 85.0% from approximately US\$2.1 million in 1Q2022 to approximately US\$0.3 million in 1Q2023 mainly due to the decrease in gross profit margin from approximately 40.4% in 1Q2022 to approximately 14.6% in 1Q2023. This was mainly attributable to a substantial decrease in gross margin from our mask and medical supplies segment because of the decrease in revenue generated.
- Our profit before tax decreased by approximately US\$2.1 million from a profit before tax of approximately US\$1.7 million in 1Q2022 to a loss before tax of approximately US\$0.4 million in 1Q2023. This was mainly due to a decrease in gross profit of approximately US\$1.8 million and an increase of approximately US\$0.3 million administrative expenses incurred in 1Q2023 in relation to our Listing.

The above factors are not the only factors contributing to our financial performance in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023. Please refer to the other factors set out in “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 93 to 123 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Strengthening our existing business segments and diversification into new geographical market segments

We believe we can leverage on our strong market presence, established brand reputation and long-standing track record to expand and strengthen our existing business segments, as well as diversify into new geographical market segments within the pharmaceutical products and medical supplies and devices industry. With our existing know-how and strong understanding of the pharmaceutical products and medical supplies and devices industry, we believe that we will be able to constantly identify new growth areas and develop new products and services that will effectively and efficiently meet the needs of the industry.

Mask and Medical Supplies

In relation to our mask and medical supplies business segment, we intend to continue expanding our range of *Pasture Masks*, by developing proprietary solutions that meet the needs of our end-customers. For instance, in 2022, we obtained Halal certification by the LPPOM MUI, a Halal certification body in Indonesia and the Middle East, in respect of nine (9) of our N95 respirators and surgical N95 respirators, including our *Pasture PM 30 N95 Respirator*, marking this as one of the first Halal-certified N95 respirators in the world with a novel head strap. As such, our Group intends to explore opportunities to market and sell our N95 respirators and surgical N95 respirators to customers and/or distributors in Malaysia, Indonesia and the Middle East which have a predominantly Muslim population. In addition, our Group will also explore opportunities to market and sell our N95 respirators to customers and/or distributors in other markets, such as India.

In relation to medical supplies, we have, in October 2022, entered into the McKesson Supply Agreement for the supply of the Private Label Products from McKesson to our Group for an initial term of three (3) years, which would significantly expand the list of medical supplies portfolio that we can supply and also broaden our global distribution outreach to other countries and regions, such as India.

Pharmaceutical Wholesale and Drop-Shipment

In relation to our pharmaceutical wholesale and drop-shipment business, we intend to continue to expand our geographical reach and reputation globally, by entering into new high-growth markets such as the Middle East and South America, which show significant growth potential in the pharmaceutical industry.

We will continue to search for opportunities globally where we see tangible opportunities to expand and strengthen our wholesale and distribution capabilities and our portfolio of products and services, to allow us to establish our overall reputation and market presence as a trusted, global pharmaceutical products and medical supplies and devices company.

Other Services

In respect of our other services, we intend to continue developing (a) our *Hart-S ODS*; and (b) *furlife*, as described in further detail below.

Hart-S ODS

We are currently in the process of obtaining product approval in Thailand and Malaysia in respect of our *Hart-S ODS*. We believe the use of ODS in the pharmaceutical industry remains largely untapped, and we intend to develop other types of medication and pharmaceutical products which are suitable for administration in ODS form, with the key objective of providing ease of administering medication which is accessible to all, particularly to patient groups who are otherwise unable to or have difficulty in consuming medication in pill or liquid form, such as elderly patients with Alzheimer’s or dementia, or patients who experience nausea after receiving chemotherapy.

Refer to “General Information on our Group – Business Strategies and Future Plans” on pages 170 to 172 of the Offer Document for more information on our strategies and future plans.

<p><u>furlife</u></p> <p>Following the launch of our <i>furlife</i> mobile application in January 2023, we intend to continue expanding and developing our <i>furlife</i> application by increasing the product range and service offerings available on <i>furlife</i> and improving our brand recognition which we believe will be a key growth area for our Group in the future.</p> <p>Collaborations with strategic business partners and entry into acquisitions, joint ventures and/or strategic partnerships</p> <p>Depending on available opportunities, feasibility and market conditions, we may explore joint ventures, strategic alliances, acquisitions or investment opportunities with parties who have the relevant expertise or technical know-how in providing products and services in new and complementary businesses in order to expand our current business and/or complement our current and future business. We believe that suitable acquisitions, joint ventures and strategic partnerships outside the countries of our existing markets will give us access to new markets and customers as well as new businesses.</p> <p>For instance, we entered into the McKesson Supply Agreement with McKesson in October 2022 for the supply of the Private Label Products to our Group. We may explore further collaborations with such suppliers and/or customers to potentially expand the scope of our existing business segments by tapping on the distribution networks of such suppliers and/or customers of our Group.</p>	
<p>WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?</p>	
<p>Based on our operations as of the Latest Practicable Date and barring any unforeseen circumstances, our Directors have observed the following trends to transpire for the next 12 months:</p> <ul style="list-style-type: none"> (a) increasing restrictions on the export of pharmaceutical products and medical supplies and devices as a result of factors such as supply chain disruptions and/or shortage in raw materials, which may affect our Group's supply; (b) dampened demand for our <i>Pasture Masks</i> in the short-term following the stabilisation of the COVID-19 pandemic and the existing stockpile of masks by our customers and/or end-users remaining high globally; (c) our financial results and financial position for FY2023 to be affected by the ongoing compliance costs of a public listed company, as well as the expenses recorded in our financial statements in respect of a portion of our listing expenses incurred in connection with the Placement; (d) as with other businesses in Singapore, we expect to face inflationary pressures and a general trend of increase in the cost of providing services, labour costs and rental; and (e) we intend to expand our business through acquisitions, joint ventures, collaborations or strategic alliances. These expansion plans entail additional capital expenditures and depreciation expenses. <p>Our Directors believe that the prospects of our Group are encouraging for the following reasons:</p> <ul style="list-style-type: none"> (a) increasing healthcare expenditure in key markets where we operate or are expected to operate in; (b) demand for pharmaceutical products is expected to stabilise post-COVID-19; (c) continued demand for and usage of N95 respirators and medical supplies within the healthcare industry and other industrial sectors; (d) diversification of supply sources amidst increasing challenges and disruptions in supply chain; and (e) increased demand for pet health and veterinarian services. <p>The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Position" of the Offer Document.</p>	<p>Refer to "<i>General Information on Our Group – Prospects and Trends</i>" on pages 172 to 179 of the Offer Document for more information.</p>

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.

We operate in highly regulated industries and are subject to extensive legal, regulatory, licensing and accreditation requirements

Our business activities and products are highly regulated and we are subject to extensive legal, regulatory, licensing and accreditation requirements. Such laws and regulations include product registration and/or certification requirements, licensing requirements in respect of the import, wholesale and handling of regulated products such as therapeutic products and controlled drugs, as well as quality assurance and safety standards.

Under such applicable laws and regulations, we are required to possess various licences, permits, certifications and/or accreditations to market and distribute our pharmaceutical products and medical supplies and devices. The third-parties, such as our suppliers and distributors, who we rely on to manufacture, sell and/or distribute our products, are also subject to similar regulatory requirements. If we or such third-parties fail to comply with the standards or requirements stipulated under such licences, permits, certifications and/or accreditations, we may be subject to regulatory action from the relevant government authorities or regulatory bodies, including disciplinary action, suspension or revocation of our licences, suspension or restriction of our business or the imposition of fines or other penalties. Further, if we or such third-parties are unable to obtain, maintain or renew such licences, permits, certifications and/or accreditations in a timely manner, or at all, we and/or such third-parties may not be able to manufacture, supply, distribute and/or market the affected pharmaceutical products or medical supplies and devices. Any of such circumstances could result in a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, given our operations in highly regulated industries, we and the third-parties who we rely on are subject to extensive regulatory oversight by regulators and other government agencies such as the HSA, and are required to undergo periodic audits, inspections and assessments. We and/or such third-parties are also required to undergo such inspections, inquiries or audits in order to maintain certain certifications and/or accreditations. Our Group is also required to comply with the *Guidance Notes on Good Distribution Practice* and the *Good Distribution Practice for Medical Devices* issued by the HSA. As a result, we are required to incur substantial regulatory compliance-related costs and expenses. If an adverse outcome arises from any such inspection, examination, inquiry or audit, this could result in the suspension, loss or non-renewal of licences, permits, certifications and/or accreditations which are material to our business and/or the imposition of fines or penalties by the relevant regulatory or government agencies. We may also be required to recall the products or may incur additional costs to implement any remedies or corrective measures. There may also be adverse publicity for, or negative perceptions of us which may affect our business reputation, relationships with regulators as well as current and potential customers and divert our management's attention away from our business operations, and our business, prospects, financial condition and results of operations may be adversely affected as a result.

There may also be changes in applicable laws, regulations or government policies which are introduced from time to time. Such changes could lead to increased costs of compliance and/or substantial changes to be implemented to our business operations in order to ensure compliance. If we are unable to pass on such costs to our customers, this may have a material adverse effect on our business, prospects, financial condition and results of operations.

We operate in a highly competitive industry and we face competition from other established market players

The pharmaceutical products and medical supplies and devices industry is highly fragmented and competitive, with many manufacturers, wholesalers and distributors competing both regionally and internationally. In particular, we face competition from large multi-national corporations who similarly conduct wholesale, manufacturing and distribution of pharmaceutical products and medical supplies and devices, whilst possessing substantially greater operational, financial, research and development or technical resources and/or stronger marketing or distribution capabilities than us. In addition, some of our customers and suppliers are also pharmaceutical and/or medical supplies and devices companies which also possess wholesale or distribution capabilities, thereby creating vertical competition between us and some of our customers.

Refer to “*Risk Factors*” on pages 41 to 71 of the Offer Document for more information on risk factors.

Some of our competitors may, *inter alia*, have longer operating histories, better technical expertise, stronger distribution networks, larger clientele, larger teams of professional staff and/or stronger brand recognition and reputation than us. Some of our competitors may also be more aggressive in their pricing policies in order to capture or retain market share, or may have lower operating costs, overhead expenditure or procurement costs due to their larger scale of operations and stronger product development capabilities. In addition, the entry of new players will increase the competitive pressure faced by us. Furthermore, as the industry is constantly evolving, our current or future competitors may be better able to position themselves to compete more effectively as the industry develops.

We cannot assure you that we will be able to compete effectively in our existing markets or in new markets which we may enter into in the future. In particular, we cannot assure you that we will be able to continue to source products from our suppliers at favourable prices, maintain our relationships with existing suppliers and customers, maintain or expand our marketing and distribution network, or maintain or increase our existing market share or profit margin in the respective countries in which we operate. Increasing competition may lead to declining market share and commission rates, making it more difficult for us to retain and attract business partners and customers, or which may force us to increase irrational sales and marketing expenses. In respect of our proprietary products which we develop, our success depends largely on our ability to develop innovative and differentiated products to build consumer trust and confidence in our brands and to meet the changing needs and preferences of customers, and we cannot assure you that we will always be able to do so successfully. In the event that we are unable to maintain our competitiveness, our business, prospects, financial condition and results of operations may be materially and adversely affected.

The industry in which we operate is characterised by rapid changes and advances in medical technologies or other developments, and our products could become non-competitive as a result

The pharmaceutical products and medical supplies and devices industry is characterised by rapid changes in technologies, new medical advancements, evolving industry standards and the constant emergence of new products and/or services. Such developments or advancements in technologies, industry standards or consumer requirements may render our existing products, services, equipment or processes obsolete or non-competitive and may affect the sales and financial performance of our Group as a result. Accordingly, our success depends on our ability to effectively innovate and adapt our products and service offerings to meet advancements in medical technologies, evolving industry standards and our customers' expectations and needs. If we are unable to adapt to such changes in market conditions by adapting our business strategies or modifying our products and services, we may lose our market share and our business, prospects, financial condition and results of operations may be materially and adversely affected as a result.

We are dependent on third-party manufacturers and suppliers and may be affected by any disruptions in supply

Our Group does not currently possess any manufacturing capabilities and we are reliant on third-party manufacturers to jointly develop and manufacture our proprietary products. Hence, our Group may face disruptions in supply should our third-party manufacturers face unforeseen incidents such as power failures, mechanical failures, stoppages, interruptions or damage, or external factors such as natural disasters, acts of God, fire, flooding, severe weather, earthquakes, civil commotion, and other calamities or events beyond their control, which could cause damage to or a temporary shutdown of our third-party manufacturers' manufacturing facilities. This would result in longer lead-time for production and delayed delivery to our customers. Notwithstanding the measures and steps that we have taken to reduce reliance on any third-party manufacturing facility, there is no assurance that emergency crises would not cause disruptions in our supply. As a result of such disruptions, we may fail to meet our customers' expectations and make deliveries to our customers, which could in turn 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. In such events, our business, prospects, financial condition and results of operations may be adversely affected.

While we have generally maintained strong relationships with our major suppliers and manufacturers in the past and have also entered into contract manufacturing agreements with some of our key contract manufacturers, there is no assurance that such suppliers and manufacturers will continue their supply or manufacturing relationships with us or will maintain their prices at the current levels. Any disruption in supply or any unfavourable terms offered by our suppliers and manufacturers may result in us expending time and resources in finding suitable alternative suppliers or manufacturers, and we may not be able to do so in a timely and cost-efficient manner, or at all.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Refer to “Risk Factors” on pages 41 to 71 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As at the date of the Offer Document, there is only one (1) class of shares in the capital of our Company, being the Shares. The issued and paid-up share capital of our Company immediately after the Share Split is US\$200,000 comprising 112,000,000 Shares. Upon the issue and allotment of the Placement Shares which are the subject of the Placement, the resultant issued and paid-up share capital of our Company will increase to US\$3,733,971 comprising 132,000,000 Shares.

The Placement Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Placement and there are no restrictions to the free transferability of our Shares except where required by law or the Catalist Rules.

Refer to “*Share Capital*” on pages 76 to 79 and “*Appendix G – Description of our Shares*” on pages G-1 to G-7 of the Offer Document for more information.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The gross proceeds from the Placement will be approximately S\$5.0 million. The estimated net proceeds from the Placement (after deducting the aggregated estimated expenses incurred in relation to the Placement of approximately S\$1.9 million) will be approximately S\$3.1 million.

We intend to use the gross proceeds from the Placement primarily as follows:

Use of proceeds	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement (cents)
Strengthening our existing business segments and diversification into new geographical market segments	1,000	20.0
Exploring opportunities in mergers and acquisitions, joint ventures and strategic alliances	1,600	32.0
General working capital purposes	462	9.2
Net proceeds	3,062	61.2
Listing expenses ⁽¹⁾	1,938	38.8
Gross proceeds from the Placement	5,000	100.0

Note:

- (1) Of the total estimated listing expenses to be borne by our Company, approximately S\$0.3 million will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group’s statement of profit or loss and other comprehensive income.

Refer to “*Use of Proceeds and Expenses of the Placement*” on pages 72 to 73 of the Offer Document for more information.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

We currently do not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including the level of our cash and retained earnings, our actual and projected financial performance, our projected levels of capital expenditure and expansion plans, our working capital requirements and general financial condition, the terms of borrowing or financing arrangements (if any), the general economic and business conditions in which we operate, and other factors deemed relevant by our Board.

As we do not have a fixed dividend policy, the amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

Refer to “*Dividend Policy*” on pages 74 to 75 of the Offer Document for more information.

DEFINITIONS

“1Q”	: The three-month financial period ended or ending 30 September, as the case may be
“Authority”	: The Monetary Authority of Singapore
“Award Shares”	: The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Pasture Performance Share Plan
“Board”	: The board of Directors of our Company as at the date of the Offer Document, unless otherwise stated
“Catalist”	: The Catalist of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	: Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
“Company”	: Pasture Holdings Ltd.
“Controlling Shareholder”	: As defined in the Catalist Rules, a person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
“Directors”	: The directors of our Company as at the date of the Offer Document, unless otherwise stated
“EPS”	: Earnings per Share
“Executive Directors”	: The executive Directors of our Company as at the date of the Offer Document, unless otherwise stated
“FDA”	: United States Food and Drug Administration
“FY”	: Financial year ended or ending 30 June, as the case may be
“Group”	: Our Company and our subsidiaries as at the date of the Offer Document, unless otherwise stated
“Halal”	: Arabic for that which is legally permitted under the Syariah School of Islamic law
“HSA”	: Health Sciences Authority of Singapore
“Issue Manager, Sponsor and Placement Agent”	: PrimePartners Corporate Finance Pte. Ltd.
“Latest Practicable Date”	: 20 March 2023, being the latest practicable date for the purposes of lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority
“Listing”	: The listing of our Company and quotation of all our Shares on Catalist
“LPPOM MUI”	: Lembaga Pengkajian Pangan Obat-obatan dan Kosmetika Majelis Ulama Indonesia, a Halal certification body based in Indonesia and the Middle East

“LPS”	: Loss per Share
“NAV”	: Net asset value
“NIOSH”	: National Institute for Occupational Safety and Health
“ODS”	: Oral disintegrating strips
“Offer Document”	: The offer document dated 31 May 2023 issued by our Company in respect of the Placement
“Period Under Review”	: The period which comprises FY2020, FY2021, FY2022 and 1Q2023
“Placement”	: The placement of the Placement Shares by the Issue Manager, Sponsor and Placement Agent on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions of the Offer Document
“Placement Price”	: S\$0.25 for each Placement Share
“Placement Shares”	: The 20,000,000 new Shares which are the subject of the Placement
“SFA”	: Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share(s)”	: Ordinary share(s) in the capital of our Company
“Share Split”	: The sub-division of each Share in the capital of our Company into 560 Shares in connection with the Listing and the Placement
“Shareholder(s)”	: Person(s) who are registered as holder(s) of Shares in the register of members of our Company, or where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares, mean Depositors whose Securities Accounts are credited with Shares
“Singapore”	: The Republic of Singapore
“S\$” and “cents”	: Singapore dollars and cents, the lawful currency of Singapore
“U.S.” or “United States”	: United States of America
“US\$” and “US cents”	: U.S. dollars and cents, the lawful currency of the U.S.

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

The Company

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Website : <https://pasturegroup.com/>

Issue Manager, Sponsor and Placement Agent

PrimePartners Corporate Finance Pte. Ltd.

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#10-00 Collyer Quay Centre
Singapore 049318

Telephone No. : +65 6229 8088