LETTER TO SHAREHOLDERS

JAPFA LTD
(Company Registration Number: 200819599W)

Board of Directors:
Mr Goh Geok Khim (Non-Executive Independent Chairman)
Mr Handojo Santosa @ Kang Kiem Han (Executive Deputy Chairman)
Mr Tan Yong Nang (Executive Director and Chief Executive Officer)
Mr Kevin John Monteiro (Executive Director and Chief Financial Officer)
Mr Hendrick Kolonas (Non-Executive Director)
Mr Ng Quek Peng (Independent Director)
Ms Lien Siaou-Sze (Independent Director)

Registered Office:
391B Orchard Road #18-08
Ngee Ann City, Tower B
Singapore 238874

28 March 2017

To: The Shareholders of Japfa Ltd

Dear Sir / Madam

THE PROPOSED APPOINTMENT OF A NEW AUDITOR

1. INTRODUCTION

1.1. Background.

We refer to:

(a) the Notice of the Annual General Meeting ("**AGM**") of Japfa Ltd (the "**Company**") dated 28 March 2017 (the "**Notice**"), accompanying the Company's Annual Report for the financial year ended 31 December 2016 ("**2016 Annual Report**"), convening the annual general meeting of the Company to be held on 12 April 2017 (the "**2017 AGM**"); and

(b) Ordinary Resolution No. 13 relating to the proposed appointment of a new auditor (as proposed in the Notice).

1.2. Letter to Shareholders.

The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution No. 13, regarding the proposed appointment of a new auditor.

1.3. SGX-ST.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4. Advice to Shareholders.

Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. If you have sold or transferred all your shares in the capital of the Company, he should immediately forward this Letter (together with the 2016 Annual Report, the Notice and Proxy Form) to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

2. THE PROPOSED APPOINTMENT OF A NEW AUDITOR

2.1. Background.

Ordinary Resolution No. 13 proposed in the Notice is to appoint Ernst & Young LLP ("**EY**") as the Auditor of the Company in place of the retiring Auditor, RSM Chio Lim LLP ("**RSM**"), and to authorise the Directors of the Company (the "**Directors**") to fix their remuneration.

2.2. Rationale for the Proposed Appointment of a new Auditor.

RSM, the Company's outgoing auditor, has served as the external Auditor of the Company more than 7 years since their appointment on 14 August 2009. The Directors are of the view that an appointment of a new auditor accords with good corporate governance practice and will enable the Company to benefit from fresh perspective. In addition, having the same auditor or its network firms auditing the major entities within the group would enhance the effectiveness of the audit. In particular, the Directors note that the Company's principal subsidiaries, PT Japfa Comfeed Indonesia Tbk ("**PT Japfa**"), AustAsia Investment Holdings Pte Ltd ("**AIH**") and AIH2 Pte Ltd ("**AIH2**") will be appointing or have already appointed Ernst & Young LLP ("**EY**") or its local affiliates as their auditors. PT Japfa (listed on the Indonesian Stock Exchange), will propose the appointment of Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited) as auditors for PT Japfa and its subsidiaries (the "**PT Japfa Group**") for the financial year ending 31 December 2017, at PT Japfa's upcoming Annual General Meeting on 5 April 2017. In addition, EY is the existing and continuing auditor of AIH and AIH2.

In view of the foregoing, the Directors are of the opinion that it would be in the interest of the Company to effect the appointment of a new external auditor of the Company. Accordingly, the outgoing auditors, RSM will not be seeking re-appointment at the forthcoming AGM.

The Directors have determined, in consultation with the Audit Committee ("**AC**") that the services proposals made by EY suit the needs of the Company. In addition to being appointed as auditor of the Company, EY is also proposed to be appointed as the auditor of all of the Company's Singapore subsidiaries.

2.3. Opinion of the Audit Committee and Directors.

The AC, in their deliberation on the proposed appointment of EY, have considered various factors, including the adequacy of the resources of EY, the firm's experience, the experience (including industry experience) of the audit engagement partners assigned to the audit, EY's other audit engagements, the size and complexity of the Company and its subsidiaries (the "**Group**"), and the number and experience of supervisory and professional staff assigned to the audit of the Group. After evaluation, the AC recommended that EY be selected for the proposed appointment. The Directors have taken into account the AC's recommendation, including the factors considered in their evaluation, and are satisfied that EY will be able to meet the audit requirements of the Company. In addition, the AC and the Directors are of the opinion that, with respect to EY's proposed appointment, Rule 712 of the listing manual of the SGX-ST ("**Listing Manual**") has been complied with.

The appointment of EY as auditor of the Company will take effect upon the approval by the Shareholders at the AGM. Upon the appointment, EY will hold office until the conclusion of the next annual general meeting of the Company

2.4. Information on EY.

EY is one of the largest accounting firms in Singapore, with more than 125 years of history providing audit, tax and professional services to a wide-range of clients comprising of publicly listed companies, private companies, multinational companies, and public sector organisations in Singapore. EY is registered with the Accounting and Corporate Regulatory Authority ("**ACRA**") and is member of the global network of EY firms. Globally, EY has more than 728 offices in 150 countries and employs more than 230,000 people globally. EY has relevant industry experience with a large number of audit clients in the agriculture and resources sector.

Mr. Vincent Toong Weng Sum, an assurance partner with EY Singapore, will be in charge of the audit of the Company. Mr. Toong is a member of the Institute of Singapore Chartered Accountants and holds a Bachelor of Economics (Accountancy) degree from the University of Sydney, Australia. He has more than 28 years of audit experience in providing audit and assurance services to a variety of clients, including public companies listed on the SGX-ST.

More information about EY, its values and its services are provided at EY's website at http://www.ey.com.

2.5. Confirmations.

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

(a) the outgoing Auditor, RSM, has confirmed that it is not aware of any professional reasons why the new Auditor, EY, should not accept appointment as Auditor of the Company;

(b) the Company confirms that there were no disagreements with the outgoing Auditor, RSM, on accounting treatments within the last 12 months;

(c) the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditor that should be brought to the attention of Shareholders; and

(d) the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of EY as the Auditor of the Company.

2.6. Appendix.

Pursuant to Section 205 of the Companies Act, Chapter 50, a copy of the notice of nomination of the proposed new Auditor dated 22 February 2017 from a Shareholder set out in the Appendix to this Letter (the "**Notice of Nomination**").

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1. Directors' Interests. The interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings of the Company, as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest[2][4]		Total Interest	
Directors	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Mr Goh Geok Khim	1,500,000	0.09			1,500,000	0.09
Mr Handojo Santosa @ Kang Kiem Han[3]			1,136,818,915	64.24	1,136,818,915	64.24
Mr Tan Yong Nang[4]			66,710,691	3.77	66,710,691	3.77
Mr Kevin Monteiro[5]	–	–	2,044,300	0.12	2,044,300	0.12
Ms Lien Siaou-Sze[6]	–	–	625,000	0.04	625,000	0.04
Mr Ng Quek Peng[7]	–	–	500,000	0.03	500,000	0.03

Notes:

(1) Based on 1,769,525,591 Shares in issue as at the Latest Practicable Date (10 March 2017).

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) See note (3) of paragraph 3.2 – "Substantial Shareholders' Interests".

(4) 65,860,691 Shares are held by Great Alpha Investments Limited. By virtue of Section 4 of the SFA, Mr Tan Yong Nang is deemed to have an interest in the Shares held by Great Alpha Investments Limited. In addition, Mr Tan Yong Nang is also deemed to have an interest in 850,000 Shares held in a joint account with his wife (through their client account with a financial institution).

(1) Held through his client account with a financial institution.

(2) Held through her client account with a financial institution.

(3) Held through his client account with a financial institution.

3.2. Substantial Shareholders' Interests. The interests of the Substantial Shareholders in the Shares, as recorded from the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest[2]		Total Interest	
Substantial Shareholders	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Mr Handojo Santosa @ Kang Kiem Han[3]	–	–	1,136,818,915	64.24	1,136,818,915	64.24
Rangi Management Limited[3][4][6]	928,368,240	52.46	–	–	928,368,240	52.46
Fusion Investment Holdings Limited[4][6]	–	–	928,368,240	52.46	928,368,240	52.46
Tasburgh Limited[3][5][6]	126,714,375	7.16	–	–	126,714,375	7.16
Morze International Limited[7]	282,527,085	15.97	–	–	282,527,085	15.97
Highvern Trustees Limited (formerly known as Coutts & Co Trustees (Jersey) Limited)[5][6][7]	–	–	1,337,609,700	75.59	1,337,609,700	75.59
MNM Holdings Limited[8]	–	–	1,337,609,700	75.59	1,337,609,700	75.59
Mr Martin John Hall[9]	–	–	445,869,900	25.20	445,869,900	25.20
Ms Naomi Julia Rive[9]	–	–	445,869,900	25.20	445,869,900	25.20
Mr Miles Aidan Le Cornu[9]	–	–	445,869,900	25.20	445,869,900	25.20
Scuderia Trust[6]	–	–	1,055,082,615	59.63	1,055,082,615	59.63
Capital Two Trust[7]	–	–	282,527,085	15.97	282,527,085	15.97
Ms Rachel Anastasia Kolonas[7][10]	–	–	282,527,085	15.97	282,527,085	15.97
Mdm Farida Gustimego Santosa [3][6][11]	–	–	1,055,818,915	59.67	1,055,818,915	59.67
Mr Renaldo Santosa[6][12]	–	–	1,055,942,615	59.67	1,055,942,615	59.67

Notes:

(1) Based on 1,769,525,591 Shares in issue as at the Latest Practicable Date (10 March 2017).

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Mr Handojo Santosa is the settlor of the Scuderia Trust. Under the terms of the Scuderia Trust, he is entitled, as an investment power holder, to direct the trustee of the Scuderia Trust to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with his instructions in relation to the investments of the Scuderia Trust. See Note (6) below. As the sole shareholder of Rangi Management Limited, Fusion Investment Holdings Limited is entitled to determine the composition of the board of directors of Rangi Management Limited. Accordingly, Mr. Handojo Santosa can control the exercise of the rights of the shares held by Fusion Investment Holdings Limited in Rangi Management Limited and through the board of directors appointed by Fusion Investment Holdings Limited, control the exercise of the rights of the Shares held by Rangi Management Limited under the Scuderia Trust. By virtue of Section 4 of the SFA, Mr. Handojo Santosa is deemed to have an interest in the Shares held by Rangi Management Limited and Tasburgh Limited. Tallowe Services Inc holds 81,000,000 Shares. The Shares of Tallowe Services Inc are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for Mr. Handojo Santosa. By virtue of Section 4 of the SFA, Mr Handojo Santosa is also deemed to have an interest in the Shares held by Tallowe Services Inc. In addition, Mr Handojo Santosa is also deemed to have an interest in 736,300 Shares held in a joint account with his wife (through their client account with a financial institution).

(4) Fusion Investment Holdings Limited holds the entire issued and paid-up capital of Rangi Management Limited. By virtue of Section 4 of the SFA, Fusion Investment Holdings Limited is deemed to have an interest in the Shares held by Rangi Management Limited.

(5) The shares in each of Fusion Investment Holdings Limited, Tasburgh Limited and Morze International Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust and the Capital Two Trust. By virtue of Section 4 of the SFA, Highvern Trustees Limited is deemed to have an interest in the Shares held by Rangi Management Limited, Tasburgh Limited and Morze International Limited. Highvern Trustees Limited is a professional trustee and is wholly-owned by MNM Holdings Limited.

(6) Highvern Trustees Limited is the trustee of the Scuderia Trust which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. The settlor of Scuderia Trust is Mr. Handojo Santosa. The beneficiaries of the Scuderia Trust are Mr. Handojo Santosa's spouse (Farida Gustimego Santosa), children (Renaldo Santosa, Gabriella Santosa, Mikael Santosa and Raffaela Santosa) and remoter issue. Pursuant to Section 4 of the SFA, the beneficiaries of the Scuderia Trust are deemed to have an interest in the Shares held by Rangi Management Limited and Tasburgh Limited.

(7) Highvern Trustees Limited is the trustee of the Capital Two Trust which is a reserved power discretionary trust. The Shares held by Morze International Limited are assets of the Capital Two Trust. The settlor of Capital Two Trust is Ms. Rachel Anastasia Kolonas, the daughter of Mr. Hendrick Kolonas. The beneficiaries of the Capital Two Trust are t Rachel Anastasia Kolonas, her issue and remoter issue and Tati Santosa. Pursuant to Section 4 of the SFA, the beneficiaries of the Capital Two Trust are deemed to have an interest in the Shares held by Morze International Limited.

(8) MNM Holdings Limited is the direct holding company of Highvern Trustees Limited. By virtue of Section 4 of the SFA, MNM Holdings Limited is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.

(9) Mr Martin John Hall, Ms Naomi Julia Rive and Mr Miles Aidan Le Cornu each has a direct interest in 33.33% of MNM Holdings Limited, which is the direct holding company of Highvern Trustees Limited. By virtue of Section 4 of the SFA, each of Mr Martin John Hall, Ms Naomi Julia Rive and Mr Miles Aidan Le Cornu is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.

(10) Ms. Rachel Anastasia Kolonas is the settlor of the Capital Two Trust. Under the terms of the Capital Two Trust, she is entitled, as an investment power holder, to direct the trustee of the Capital Two Trust to procure to the best of its ability that the directors of Morze International Limited act in accordance with her instructions in relation to the investments of the Capital Two Trust. Accordingly she can control the exercise of the rights of the Shares held under the Capital Two Trust. By virtue of Section 4 of the SFA, Ms. Rachel Anastasia Kolonas is deemed to have an interest in the Shares held by Morze International Limited.

(11) Mdm Farida Gustimego Santosa is a beneficiary under the Scuderia Trust. See Note (6) above. Mdm Farida Gustimego Santosa is also deemed to have an interest in 736,300 Shares held in a joint account with her husband (through their client account with a financial institution).

(12) Mr Renaldo Santosa is a beneficiary under the Scuderia Trust. See Note (6) above. Mr Renaldo Santosa additionally holds 860,000 Shares through his client account with a financial institution.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed appointment of EY as Auditor of the Company in place of the retiring Auditor, RSM, is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Ordinary Resolution No. 13, being the Ordinary Resolution relating to the appointment of EY as Auditor of the Company in place of the retiring Auditor, RSM, to be proposed at the 2017 AGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

5.1. **Appointment of Proxies.** If a Shareholder is unable to attend the 2017 AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the 2017 AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2017 AGM if he subsequently wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the 2017 AGM.

5.2. **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the 2017 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the 2017 AGM.

6. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed appointment of EY as the Company's auditor ("**Proposed Appointment**") and the Company and its subsidiaries which are relevant to the Proposed Appointment, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

7. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 391B Orchard Road #18-08 Ngee Ann City, Tower B, Singapore 238874 during normal business hours from the date of this Circular up to and including the date of the 2017 AGM:

(a) the Constitution of the Company;

(b) the Annual Report for the financial year ended 31 December 2016;

(c) Ernst & Young LLP's formal letter of consent to act as Auditor of the Company; and

(d) the Notice of Nomination.

Yours faithfully

For and on behalf of the Board of Directors of
JAPFA LTD

Tan Yong Nang
Executive Director and Chief Executive Officer

APPENDIX –
NOTICE OF NOMINATION

22 February 2017

The Board of Directors
Japfa Ltd
391B Orchard Road
#18-08 Ngee Ann City Tower B
Singapore 238874

Dear Sirs

Pursuant to Section 205 of the Companies Act, Cap 50, I, Cheng Sai Hong, being a member of Japfa Ltd, hereby nominate Ernst & Young LLP for appointment as Auditors of the Company in place of RSM Chio Lim LLP who is due to retire at the forthcoming Annual General Meeting.

Yours faithfully

(sgn.)
Cheng Sai Hong

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