

APPENDIX DATED 28 JUNE 2019

This Appendix (as defined herein) is circulated to the shareholders of Japan Foods Holding Ltd. (the “**Company**”) together with the Annual Report 2019. Its purpose is to provide shareholders of the Company with information relating to the Share Buyback Mandate (as defined herein) to be tabled at the AGM (as defined herein) of the Company to be held on 24 July 2019 at 3.00 p.m. at The Imagination Room, Level 5, National Library Building, Singapore 188064.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Ordinary Resolution (as defined herein) proposed to be passed in respect of the Share Buyback Mandate is set out in the Notice of the AGM enclosed with the Annual Report 2019.

This Appendix has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“**Sponsor**”) in accordance with Rule 226(2)(b) of the Catalist Rules (as defined herein). This Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(Company Registration No.: 200722314M)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

“ACRA”	: Accounting and Corporate Regulatory Authority
“AGM”	: Annual general meeting
“Associate”	: (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a Subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Appendix”	This Appendix dated 28 June 2019 in relation to the proposed renewal of the Share Buyback Mandate
“Board”	: The board of directors of the Company as at the date of this Appendix
“Catalist”	: The SGX-ST sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	: The SGX-ST Listing Manual Section B: Rules of the Catalist
“CDP”	: The Central Depository (Pte) Limited
“Companies Act”/ “Act”	: The Companies Act, Chapter 50 of Singapore, as amended or re-enacted from time to time
“Company”	: Japan Foods Holding Ltd.
“Constitution”	: The constitution of the Company
“Controlling Shareholder”	: A person (including a corporation) who: (a) holds directly or indirectly 15% or more of the total issued voting Shares (excluding treasury shares and subsidiary holdings). The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company

DEFINITIONS

<i>“Directors”</i>	: Directors of the Company as at the date of this Appendix
<i>“EPS”</i>	: Earnings per share
<i>“Eugene Wong”</i>	: Wong Hin Sun, Eugene
<i>“FY”</i>	: Financial year of the Company ended or ending 31 March (as the case may be)
<i>“Group”</i>	: The Company, its subsidiaries and associated companies (if any)
<i>“Latest Practicable Date”</i>	: 4 June 2019, being the latest practicable date prior to the printing of this Appendix
<i>“Market Day”</i>	: A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	: Net asset value
<i>“NTA”</i>	: Net tangible assets
<i>“Ordinary Resolution”</i>	: A resolution proposed and passed as such by a majority consisting more than 50% of the total number of votes cast for and against such resolution at a meeting of Shareholders
<i>“Performance Share Plan”</i>	: The Japan Foods Performance Share Plan, which was approved on 24 July 2013, as may be modified or altered from time to time
<i>“Register”</i>	: The register maintained by the Company setting out details of the Shareholders and their respective shareholdings
<i>“Relevant Period”</i>	: The period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier
<i>“SFA”</i>	: Securities and Futures Act (Chapter 289) of Singapore as may be amended, varied or supplemented from time to time
<i>“SGX-ST”</i>	: Singapore Exchange Securities Trading Limited
<i>“Share Buyback Mandate”</i>	: The proposed general and unconditional mandate to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix and in compliance with the rules and regulations set forth in the Act and the Catalist Rules
<i>“Shareholders”</i>	: Persons (other than CDP) who are for the time being registered as holders of Shares in the Register of Members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
<i>“Shares”</i>	: Ordinary shares in the capital of the Company

DEFINITIONS

<i>“Sirius Venture”</i>	: Sirius Venture Capital Pte. Ltd., a company wholly owned by Eugene Wong (the Company’s Non-executive Vice Chairman)
<i>“Substantial Shareholder”</i>	: A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares (excluding treasury shares and subsidiary holdings) of the Company
<i>“Take-Over Code”</i>	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<i>“Treasury Shares”</i>	: Shares of the Company which were (or treated as if having been) purchased and held by the Company and have been held continuously by the Company since they were so acquired and have not been cancelled in accordance with Section 76H of the Companies Act
<i>“2018 AGM”</i>	: The annual general meeting of the Company held on 23 July 2018 at 10.00 a.m.
<i>“2019 AGM”</i>	: The annual general meeting of the Company to be held on 24 July 2019 at 3.00 p.m.
<i>“S\$” and “cents”</i>	: Singapore dollars and cents respectively.
<i>“%” or “per cent.”</i>	: Per centum or percentage

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary”** shall have the meaning ascribed to it by Section 5 of the Companies Act.

The term **“subsidiary holdings”** shall have the meaning ascribed to it by Section 21 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

LETTER TO SHAREHOLDERS

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(Company Registration No.: 200722314M)

Board of Directors:

Takahashi Kenichi (Executive Chairman and Chief Executive Officer)
Eugene Wong (Non-executive Director / Vice Chairman)
Lee Sok Koon, Constance (Lead Independent Director)
Tan Lye Huat (Independent Director)

Registered Office:

420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727

28 June 2019

To: The Shareholders of Japan Foods Holding Ltd.

Dear Sir/Madam,

1. INTRODUCTION

The Company has issued a Notice of AGM dated 28 June 2019 in relation to the 2019 AGM.

Item 10 appearing under the heading "Special Business" in the Notice of AGM is an Ordinary Resolution for the proposed renewal of the Share Buyback Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, Ordinary Resolution 9 at the 2019 AGM.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

It is a requirement under the Companies Act and Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. The Company had, at its extraordinary general meeting held on 21 July 2015, sought and obtained the approval of the Shareholders to purchase or otherwise acquire its own shares under and in accordance with the Share Buyback Mandate. The Company last renewed the Share Buyback Mandate at the 2018 AGM (the "**2018 Mandate**"). The 2018 Mandate will be expiring on 24 July 2019, being the date of the forthcoming 2019 AGM.

Accordingly, Ordinary Resolution 9 is to seek Shareholders' approval at the 2019 AGM for a renewed general mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buyback Mandate.

If approved by Shareholders at the AGM, the authority conferred by the Share Buyback Mandate will continue to be in force until the conclusion of the next AGM of the Company or the date by which such an AGM is required to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which Share purchases or acquisitions have been carried out to the full extent mandated or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

LETTER TO SHAREHOLDERS

2.2 Rationale

The approval of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in paragraph 2.3.1 below at any time, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Company has at present a share-based incentive plan, namely the Performance Share Plan, for its employees. Share buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as Treasury Shares to satisfy the Company's obligation to furnish Shares to participants under the Performance Share Plan, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders.
- (c) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.
- (d) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders' confidence and employees' morale.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in paragraph 2.1 above, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the Catalist. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the Catalist.

2.3 Authority and limits of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

LETTER TO SHAREHOLDERS

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) of the Company as at the date of the AGM at which the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

Purely for illustrative purposes only, on the basis of 173,602,900 Shares (excluding Treasury Shares and subsidiary holdings) in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2019 AGM, not more than 17,360,290 (representing 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares can be effected by the Company by way of:

- (a) market purchases transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback ("**Market Purchases**"); and/or
- (b) off-market purchases ("**Off-Market Purchase**") effected otherwise than on the SGX-ST pursuant to an equal access scheme.

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Catalist Rules, the Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

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Under the Act, an equal access scheme must satisfy all the following conditions:

- (a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (b) all of the above mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
 - (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the Catalist;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 Maximum price to be paid for the Shares

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate.

LETTER TO SHAREHOLDERS

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Sources of funds

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Previously, any payment made by the Company in consideration of the purchase or acquisition of its Shares may only be made out of the Company’s distributable profits. The Act currently permits the Company to also purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Act).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company’s purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.5 Status of purchased or acquired Shares

Under Section 76B of the Act, any Shares purchased or acquired by the Company through a Share buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as Treasury Shares in accordance with Section 76H of the Act. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

LETTER TO SHAREHOLDERS

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.6 Treasury Shares

Under the Act, the Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares.

Some of the provisions on Treasury Shares under the Act are summarised below:

- (a) The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).
- (b) The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.
- (c) In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.
- (d) Where Shares are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:
 - (i) sell the Treasury Shares (or any of them) for cash;
 - (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme and/or plan (such as in satisfying share awards under the Performance Share Plan);
 - (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancel the Treasury Shares (or any of them); or
 - (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Singapore Minister for Finance.

The Shares purchased or acquired under the Share Buyback Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

2.7 Reporting requirements

The Company shall notify the ACRA in the prescribed form within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, *inter alia*, details of the purchases or acquisitions and the total number of Shares purchased or acquired by the Company, the Company's issued ordinary share capital before and after the purchase or acquisition of Shares, and the amount of consideration paid by the Company for the purchases or acquisitions. Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with the ACRA.

LETTER TO SHAREHOLDERS

Pursuant to the Catalist Rules, the Company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) the date of the sale, transfer, cancellation and/or use;
- (b) the purpose of such sale, transfer, cancellation and/or use;
- (c) the number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) the number of Shares before and after such sale, transfer, cancellation and/or use;
- (e) the percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.8 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Company and the Group as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

The repurchased Shares may be cancelled or held as Treasury Shares. Any Share buyback will:

- (a) reduce the number of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for such Shares.

LETTER TO SHAREHOLDERS

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA per Share of the Group.

The financial effects presented below are based on the following assumptions:

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 173,602,900 Shares (excluding Treasury Shares and subsidiary holdings) in issue.

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 173,602,900 Shares (excluding Treasury Shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase or acquisition by the Company of 10% of its total number of issued Shares (excluding Treasury Shares and subsidiary holdings) will result in the purchase of 17,360,290 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 17,360,290 Shares at the Maximum Price of S\$0.460 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 17,360,290 Shares is approximately S\$8.0 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 17,360,290 Shares at the Maximum Price of S\$0.525 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 17,360,290 Shares is approximately S\$9.1 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (a) the Share Buyback Mandate had been effective on 1 April 2018; and
- (b) such Share purchases are funded solely by internal resources,

the financial effects of the Share buyback on the audited consolidated financial results of the Group for FY2019, are set out below:-

LETTER TO SHAREHOLDERS

(i) **PURCHASES MADE ENTIRELY OUT OF CAPITAL AND HELD AS TREASURY SHARES**

(a) Market Purchases

<u>As at 31 March 2019</u>	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
	Group		Company	
Shareholders' Funds	33,819	25,833	12,868	4,882
NAV ⁽¹⁾	33,819	25,833	12,868	4,882
Current Assets	26,811	18,825	6,784	784
Current Liabilities	9,607	9,607	525	2,511
Total Borrowings	Nil	Nil	Nil	Nil
Number of Shares ('000)	173,603	156,243	173,603	156,243
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	19.48	16.53	7.41	3.12
Current Ratio (times) ⁽³⁾	2.8	2.0	12.9	0.3
Basic EPS (cents)	1.92	2.13	2.47	2.75

(b) Off-Market Purchases

<u>As at 31 March 2019</u>	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
	Group		Company	
Shareholders' Funds	33,819	24,705	12,868	3,754
NAV ⁽¹⁾	33,819	24,705	12,868	3,754
Current Assets	26,811	17,697	6,784	784
Current Liabilities	9,607	9,607	525	3,639
Total Borrowings	Nil	Nil	Nil	Nil
Number of Shares ('000)	173,603	156,243	173,603	156,243
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	19.48	15.81	7.41	2.40
Current Ratio (times) ⁽³⁾	2.8	1.8	12.9	0.2
Basic EPS (cents)	1.92	2.13	2.47	2.75

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(ii) PURCHASES MADE OUT OF CAPITAL AND CANCELLED

(a) Market Purchases

<u>As at 31 March 2019</u>	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
	Group		Company	
Shareholders' Funds	33,819	25,833	12,868	4,882
NAV ⁽¹⁾	33,819	25,833	12,868	4,882
Current Assets	26,811	18,825	6,784	784
Current Liabilities	9,607	9,607	525	2,511
Total Borrowings	Nil	Nil	Nil	Nil
Number of Shares ('000)	173,603	156,243	173,603	156,243
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	19.48	16.53	7.41	3.12
Current Ratio (times) ⁽³⁾	2.8	2.0	12.9	0.3
Basic EPS (cents)	1.92	2.13	2.47	2.75

(b) Off-Market Purchases

<u>As at 31 March 2019</u>	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
	Group		Company	
Shareholders' Funds	33,819	24,705	12,868	3,754
NAV ⁽¹⁾	33,819	24,705	12,868	3,754
Current Assets	26,811	17,697	6,784	784
Current Liabilities	9,607	9,607	525	3,639
Total Borrowings	Nil	Nil	Nil	Nil
Number of Shares ('000)	173,603	156,243	173,603	156,243
<u>Financial Ratios</u>				
NAV per Share (cents) ⁽²⁾	19.48	15.81	7.41	2.40
Current Ratio (times) ⁽³⁾	2.8	1.8	12.9	0.2
Basic EPS (cents)	1.92	2.13	2.47	2.75

Notes:

⁽¹⁾ NAV represents total assets less total liabilities.

⁽²⁾ NAV per Share is calculated based on NAV and 173,602,900 Shares (excluding Treasury Shares and subsidiary holdings) in issue as at 31 March 2019.

⁽³⁾ Current ratio equals current assets divided by current liabilities.

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Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for the financial year ended 31 March 2019, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares.

In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

2.9 Catalyst Rules

2.9.1 While the Catalyst Rules do not expressly prohibit any purchase of shares by a Catalyst-listed company during any particular time, because the Catalyst-listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Catalyst Rules, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year, or one month immediately preceding the announcement of the Company’s interim (half-year) results (if not required to announce quarterly financial results) and the annual (full-year) results.

2.9.2 The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public. The “public”, as defined under the Catalyst Rules, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 23.73% of the issued Shares (excluding Treasury Shares and subsidiary holdings), are in the hands of the public.

Assuming the Company were to purchase or acquire the entire 10% of the total number of its issued Shares, there will be approximately 15.26% of the issued Shares (excluding Treasury Shares and subsidiary holdings), being held in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.10 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

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2.10.1 Obligations to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, a Shareholder and his concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder and his concert parties would increase to 30% or more, or in the event that such Shareholder and his concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Shareholder and his concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Shareholder and his concert parties, Treasury Shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the information in the Company's Register of Shareholders as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 of the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. The Directors are not aware of any potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Singapore Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.11 Share buybacks in the previous 12 months

The following are details of purchases or acquisitions of Shares made by the Company and announced by the Company on the SGXNET in accordance with Rule 704(31) of the Catalist Rules in the previous 12 months preceding the Latest Practicable Date:-

Date of purchase or acquisition of Shares	Number of Shares purchased or acquired	Price paid per Share	Total consideration paid (excluding expenses related thereto)
6 August 2018	2,000	S\$0.485	S\$ 970.00
13 August 2018	30,000	S\$0.485	S\$ 14,550.00
15 August 2018	28,800	S\$0.490	S\$ 14,112.00
31 August 2018	20,600	S\$0.495	S\$ 10,197.00
3 September 2018	80,000	S\$0.495	S\$ 39,600.00
4 September 2018	43,300	S\$0.495	S\$ 21,433.50
11 September 2018	69,800	S\$0.495	S\$ 34,551.00
12 September 2018	75,300	S\$0.495	S\$ 37,273.50
18 September 2018	3,000	S\$0.495	S\$ 1,485.00

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Date of purchase or acquisition of Shares	Number of Shares purchased or acquired	Price paid per Share	Total consideration paid (excluding expenses related thereto)
21 September 2018	25,000	S\$0.495	S\$ 12,375.00
28 September 2018	18,000	S\$0.490	S\$ 8,820.00
21 December 2018	16,700	S\$0.430	S\$ 7,181.00
26 December 2018	60,000	S\$0.430	S\$ 25,800.00
7 February 2019	12,500	S\$0.400	S\$5,000.00
Total	485,000		S\$ 233,348.00

These Shares were acquired by way of open market purchases during the 12 months preceding the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 833,100 Shares are being held by the Company as Treasury Shares.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Interests of Directors

The interests (both direct and indirect interests) of the Directors in the issued share capital of the Company, as recorded in the Register of Directors' shareholdings of the Company as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Takahashi Kenichi ⁽²⁾	114,814,800	66.1	8,100,000	4.7	122,914,800	70.8
Eugene Wong ⁽³⁾	—	—	9,487,000	5.5	9,487,000	5.5
Lee Sok Koon, Constance	—	—	—	—	—	—
Tan Lye Huat	—	—	—	—	—	—

Notes:

⁽¹⁾ Based on the number of issued shares of the Company of 173,602,900 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

⁽²⁾ Takahashi Kenichi is deemed interested in the 8,100,000 Shares held by his deemed associate, Chan Chau Mui.

⁽³⁾ 7,165,800 and 2,321,200 shares are held by Sirius Venture and the spouse of Eugene Wong respectively. Eugene Wong is the managing director of Sirius Venture. As at the Latest Practicable Date, Eugene Wong holds 100% of ordinary shares in the capital of Sirius Venture. Accordingly, Eugene Wong is deemed interested in the Shares held by Sirius Venture.

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3.2 Interests of Substantial Shareholders

The interests (both direct and indirect interests) of the Substantial Shareholders in the issued share capital of the Company, as recorded in the Register of Substantial Shareholders' shareholdings of the Company as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Substantial Shareholders						
Takahashi Kenichi	114,814,800	66.1	8,100,000 ⁽²⁾	4.7	122,914,800	70.8
Eugene Wong ⁽³⁾	—	—	9,487,000	5.5	9,487,000	5.5

Notes:

⁽¹⁾ Based on the number of issued shares in the Company of 173,602,900 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.

⁽²⁾ Takahashi Kenichi is deemed interested in the 8,100,000 Shares held by his deemed associate, Chan Chau Mui.

⁽³⁾ 7,165,800 and 2,321,200 shares are held by Sirius Venture and the spouse of Eugene Wong respectively. Eugene Wong is the managing director of Sirius Venture. As at the Latest Practicable Date, Eugene Wong holds 100% of ordinary shares in the capital of Sirius Venture. Accordingly, Eugene Wong is deemed interested in the Shares held by Sirius Venture.

Saved as disclosed above, none of the Directors or Controlling Shareholders of the Company has any interest (direct or indirect) in the Share Buyback Mandate.

4. DIRECTORS' RECOMMENDATIONS

Taking into consideration the terms and the rationale for the proposed renewal of the Share Buyback Mandate, the Directors are of the opinion that the renewal of the Share Buyback Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 9 at the 2019 AGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the 2019 AGM on their behalf must complete, sign and return the proxy form attached to the Annual Report 2019 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727, not less than 48 hours before the time fixed for the AGM.

The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the AGM.

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6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix 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 Appendix in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727, during normal business hours from the date of this Appendix up to the date of the 2019 AGM:

- (a) the Constitution; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2019.

Yours faithfully

For and on behalf of the Board of Directors of
JAPAN FOODS HOLDING LTD.

Takahashi Kenichi
Executive Chairman and Chief Executive Officer

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