

JAPFA LTD.

(Incorporated in the Republic of Singapore) (Company Registration No. 200819599W)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED CONDITIONAL DISTRIBUTION *IN SPECIE* TO SHAREHOLDERS OF THE COMPANY, OF SHARES IN AUSTASIA GROUP PTE. LTD. (FORMERLY KNOWN AS AUSTASIA INVESTMENT HOLDINGS PTE. LTD.) HELD AND TO BE HELD BY THE COMPANY, TO BE LISTED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED, BY WAY OF CAPITAL REDUCTION AND (IF APPLICABLE) DIVIDEND *IN SPECIE***
- (2) **THE PROPOSED ENTRY INTO A SUPPLY AGREEMENT FOR RAW MATERIALS BETWEEN AUSTASIA GROUP PTE. LTD. (FORMERLY KNOWN AS AUSTASIA INVESTMENT HOLDINGS PTE. LTD.) AND ANNONA PTE. LTD. AS AN INTERESTED PERSON TRANSACTION**



The information in this gatefold is a summary of and is qualified in its entirety by, and should be read in conjunction with, the full information contained in the rest of this Circular and the Notice of EGM. In the event of any inconsistency or conflict between the terms of this gatefold and the rest of this Circular, the terms set out in the rest of this Circular shall prevail.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

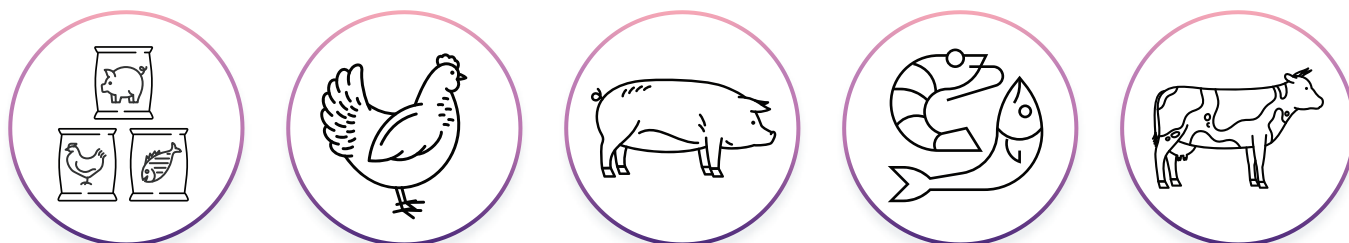
If you have sold or transferred all your shares in the capital of Japfa Ltd. (the "Company" or "Japfa"), you should immediately forward this Circular, the Notice of EGM and the accompanying Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

THIS CIRCULAR DOES NOT CONSTITUTE AND IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES OF JAPFA AND/OR AUSTASIA GROUP PTE. LTD. (FORMERLY KNOWN AS AUSTASIA INVESTMENT HOLDINGS PTE. LTD.) IN THE UNITED STATES OR ELSEWHERE IN ANY JURISDICTION. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. PERSONS TO WHOM A COPY OF THIS CIRCULAR HAS BEEN ISSUED SHALL NOT CIRCULATE TO ANY OTHER PERSON, REPRODUCE OR OTHERWISE DISTRIBUTE THIS CIRCULAR OR ANY INFORMATION HEREIN FOR ANY PURPOSE WHATSOEVER NOR PERMIT OR CAUSE THE SAME TO OCCUR.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained, or opinions expressed in this Circular.

All capitalised terms used in this gatefold which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the rest of this Circular.



YOUR VOTE



COUNTS

IMPORTANT DATES AND TIMES FOR JAPFA SHAREHOLDERS

Last date and time for lodgement of Proxy Form	Friday, 4 November 2022 at 2.00 p.m.
Date and time of EGM	Monday, 7 November 2022 at 2.00 p.m.
Place of EGM	York Hotel Singapore, Carlton Hall, Level 2, 21 Mount Elizabeth, Singapore 228516

Financial Adviser to the Company in respect of the Proposed Distribution



DBS BANK LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 196800306E)

Independent Financial Adviser in respect of the Proposed Supply Agreement



W CAPITAL MARKETS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201813207E)

This Circular (together with the Notice of EGM and the Proxy Form) may be accessed using the QR Code:



Scan QR code for more information

This Circular (together with the Notice of EGM and the Proxy Form) has been made available on SGXNET and the Company's website at the URL <https://japfa.com/investors/general-report/aggm-egm>. A printed copy of this Circular will NOT be despatched to Shareholders.

Shareholders will be able to participate fully at the physical EGM and will not be able to attend the EGM by way of electronic means.

Please refer to Section 16 of this Circular and the Notice of EGM for further information, including the steps to be taken by Shareholders to participate at the EGM.

1 TRANSACTION OVERVIEW

What do I need to know about this transaction?

- AAG is seeking a listing on the Main Board of the Stock Exchange of Hong Kong (“SEHK”) (“**Proposed Listing**”).
- In connection thereto, Japfa proposes to undertake a conditional distribution *in specie* of its shareholding in AustAsia Group Pte. Ltd. (formerly known as AustAsia Investment Holdings Pte. Ltd.) (“**AAG**”) (the “**AAG Shares**”) to Entitled Shareholders (the “**Proposed Distribution**”).
- Prior to the Proposed Distribution, Japfa intends to capitalise the Existing Shareholder’s Loans (the “**Loan Capitalisation**”) and in return, receive such number of Capitalised AAG Shares based on the price per AAG Share at the IPO.
- The Proposed Distribution will involve the distribution of the Existing AAG Shares and the Capitalised AAG Shares. The Proposed Distribution will be effected by way of Capital Reduction pursuant to the Companies Act 1967, and (if required) a dividend *in specie* of the Capitalised AAG Shares, as the Directors may decide in their sole discretion.
- Entitled Shareholders will receive AAG Shares in proportion to their respective shareholdings in Japfa as at the Record Date, fractional entitlements (where applicable) to be disregarded.
- **No purchase consideration is required from Entitled Shareholders for the Proposed Distribution.**
- The Proposed Distribution is subject to, *inter alia*:
 - (a) Japfa Shareholders’ approval of the Proposed Distribution by way of a special resolution at the EGM to be convened;
 - (b) Approval of the Court for the Capital Reduction;
 - (c) Approval of the Listing Committee of the SEHK for the Proposed Listing of AAG and the underwriting agreements for the Proposed Listing becoming unconditional; and
 - (d) Other regulatory approvals, authorisations, consents and confirmations as may be required.
- The Undertaking Shareholders have provided an irrevocable undertaking to vote in favour of the Proposed Distribution. Accordingly, the Proposed Distribution will be approved at the EGM.

What will I get as an Entitled Shareholder?

For illustrative purposes only:



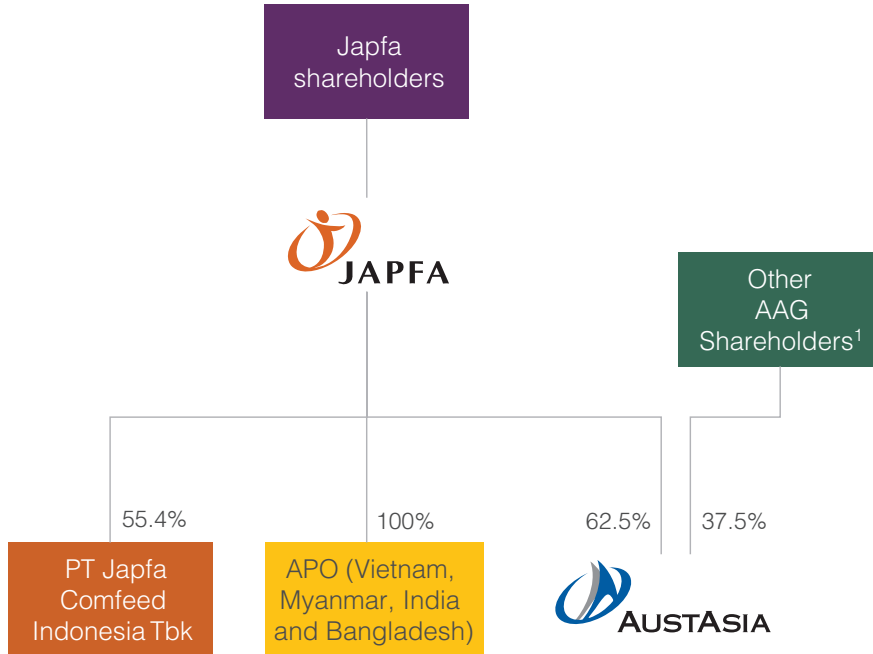
No purchase consideration will be required from the Entitled Shareholders

1. The actual distribution ratio will be fixed by the Company on or around the Record Date and will be determined based on, amongst others, the number of Shares in issue as at the Record Date, the number of the Existing AAG Shares, the number of the Capitalised AAG Shares, the Proposed Share Split and the price per AAG Share as at the IPO. Where possible, the Company will, in considering the final distribution ratio, look to minimise the odd number of AAG Shares each Entitled Shareholder receives in respect of a full board lot of AAG Shares.

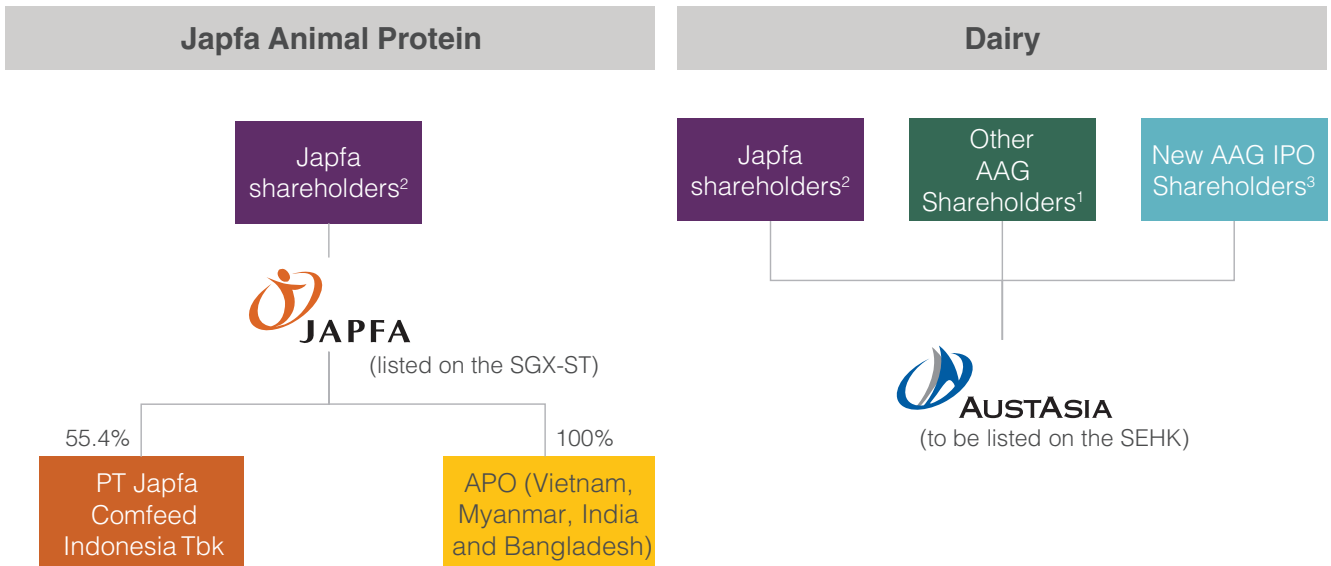
2

SHAREHOLDING STRUCTURE

As at the Latest Practicable Date



Following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution



1. Other AAG Shareholders consists of Meiji, Chi Forest, Honest Dairy and New Hope Dairy.

2. Following the completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution, the Santosa family (through the Santosa Family Entities) will remain the largest shareholder in Japfa and is expected to be the largest shareholder in AAG.


3. New AAG IPO Shareholders consists of new shareholders of AAG pursuant to (i) the IPO of AAG Shares and the Proposed Listing; and (ii) new AAG Shares issued in settlement of AAG share awards on the Listing Date.


3

CREATION OF TWO LEADING, ASIAN-FOCUSED BUSINESSES


Japfa Animal Protein

PT Japfa Comfeed Indonesia Tbk	Animal Protein Other ("APO") Vietnam Myanmar India Bangladesh
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Pure-play animal protein company riding on strong consumption growth in emerging Asia



Well-diversified business across four protein groups with leading market shares



Replicable integrated platform with industrialised business model



Adopt best-in-class technology, high performance breeding and biosecurity



Dairy

AAG
China Dairy Industry





Pioneer and industry leader in high-growth dairy sector driven by increasing demand and premiumisation



Deep expertise in large-scale farm operations and relentless pursuit of operational excellence

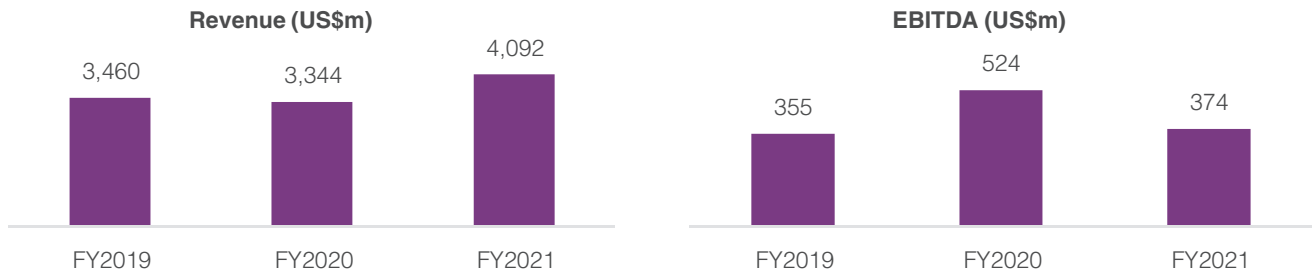


Proven and synergistic business model with high growth prospects



Advanced breeding technology adopted to improve genetic traits and productivity

Pro forma historical financials of Japfa Animal Protein



Pro forma impact of the Proposed Distribution

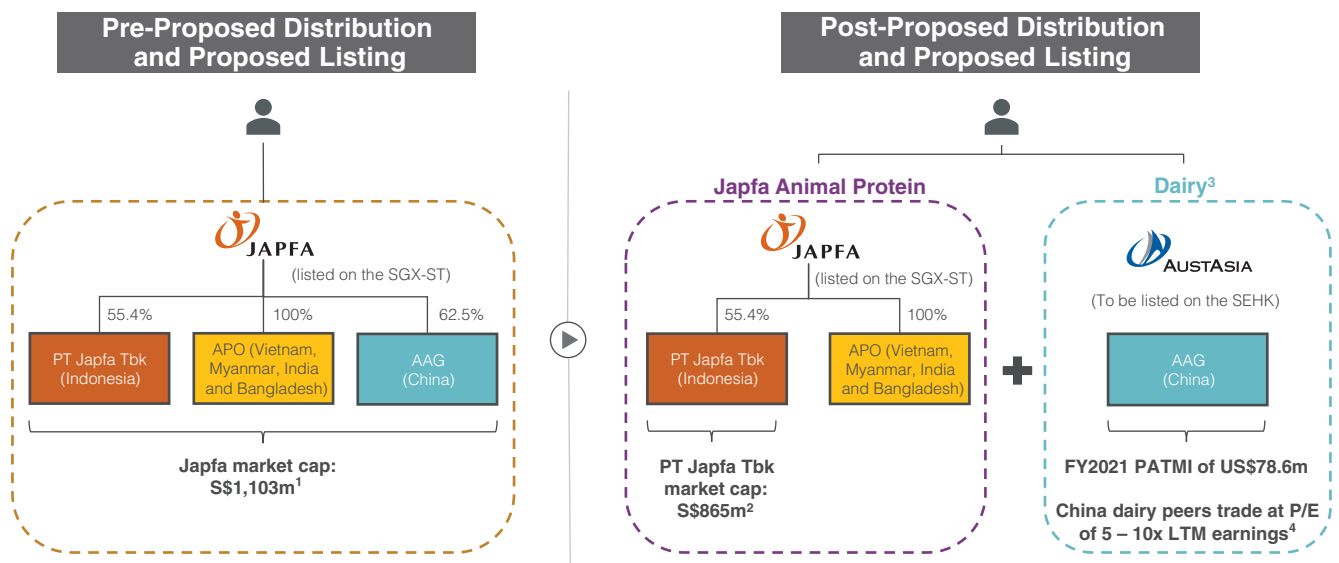
US\$m	Current Japfa Group	Pro forma post the Proposed Distribution	
		Japfa Animal Protein	AAG
FY2021 Revenue	4,636	4,092	564
FY2021 EBITDA	534	374	160
FY2021 NPAT	213	108	105
EPS (S\$ cents) ⁽¹⁾⁽⁴⁾	7.82	2.65	
NTA/Share (S\$) ⁽²⁾⁽⁴⁾	0.94	0.60	
Net Debt/Total Equity ⁽³⁾	0.6x	0.7x	

- EPS calculations adjusted for the decrease in the Group's profit after tax attributable to Shareholders of approximately US\$78.6 million as a result of the unaudited consolidated profit after tax of the AAG Group attributable to Shareholders for the year ended 31 December 2021.
- NTA is adjusted for the (i) decrease in the Group's NTA attributable to Shareholders of approximately US\$490.9 million as a result of the unaudited consolidated NTA of the AAG Group attributable to Shareholders of approximately US\$490.9 million as at 31 December 2021; and (ii) decrease in the Group's NTA attributable to Shareholders of approximately US\$25.54 million as a result of the Existing Shareholder's Loans being capitalised and distributed as at 31 December 2021.
- Gearing calculations take into account (i) adjustments for the decrease in the Group's loan and borrowings of approximately US\$268.0 million as a result of the unaudited consolidated loan and borrowings of the AAG Group as at 31 December 2021; (ii) adjustments for the decrease in the Group's lease liabilities of approximately US\$151.1 million as a result of the unaudited consolidated lease liabilities of the AAG Group as at 31 December 2021; (iii) adjustments for the decrease in the Group's cash balance of approximately US\$23.2 million as a result of the unaudited consolidated cash balance of the AAG Group as at 31 December 2021; (iv) adjustments for the decrease in the Group's total equity of approximately US\$786.2 million as a result of the unaudited consolidated total equity of the AAG Group as at 31 December 2021; and (v) adjustments for the decrease in the Group's total equity of approximately US\$25.54 million as a result of the Existing Shareholder's Loans being capitalised and distributed as at 31 December 2021.
- S\$ figures for FY2021 EPS are computed based on the average exchange rate of US\$1.00: S\$1.3437 for FY2021; S\$ figures for FY2021 NTA Per Share are computed based on the exchange rate of US\$1.00: S\$1.3517 as at 31 December 2021.

4

BENEFITS AND RATIONALE FOR SHAREHOLDERS

<p>Creates two leading, Asian-focused businesses in animal proteins and dairy</p>	<ul style="list-style-type: none"> Japfa Animal Protein continues as a leading integrated animal protein company riding on strong consumption growth of emerging Asia AAG as the leading independent milk producer in China Allows each entity's board and management <ul style="list-style-type: none"> to fully concentrate on their respective core business and strategies greater operational flexibility to execute their respective business plans Enables Japfa to better focus its financial resources on Japfa Animal Protein business without the need to plan for AAG's funding requirements
<p>Unlocks shareholder value</p>	<ul style="list-style-type: none"> Creates a clearer investment proposition of each operating group with its own strategy and focus Direct ownership of AAG Shares to be listed on SEHK Provides clearer peer-to-peer comparison Potentially leading to a re-rating of Japfa's equity value
<p>Creates investment flexibility</p>	<ul style="list-style-type: none"> Flexibility and discretion to deal with AAG Shares independent of Japfa Shares Allows Shareholders to directly participate in the growth of and influence the future directions of Japfa Animal Protein and AAG separately No additional cash outlay required to receive AAG Shares



- Purely for illustrative purposes only**, the diagram above shows that after the Proposed Distribution and the Proposed Listing, a Shareholder will own:
 - Shares in the Company, which holds:
 - a 55.4% stake in PT Japfa Tbk, valued at approximately S\$865 million²; and
 - 100% of Japfa APO which operates in Vietnam, India, Myanmar and Bangladesh; and
 - AAG Shares (in proportion to the Shares held by Entitled Shareholders as at the Record Date, fractional entitlements (where applicable) to be disregarded) which will be listed and traded on the SEHK where listed dairy peers are trading between 5x to 10x of the last 12-month price-to-earnings ratio⁴.
- This compares against the Company's market capitalisation of S\$1,103 million as at 7 October 2022.

For the avoidance of doubt, the diagram above is not a representation of AAG's value at the Proposed Listing or its share price performance after its Proposed Listing on the SEHK, nor of Japfa's future share price performance. The eventual valuation will be dependent on prevailing market conditions. Shareholders are advised to consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser if they are in doubt about the actions to be taken with respect their holdings in Japfa, and if the Proposed Listing and the Proposed Distribution are consummated, in AAG.

- Source: Bloomberg. Based on the market capitalisation of the Company as of 7 October 2022.
- Source: Bloomberg and the Company's announcement on SGX-ST dated 9 September 2022. Market capitalisation is computed based on the closing price of PT Japfa Tbk as of 7 October 2022 of IDR1,420 per share multiplied by the Company's ownership of 6,500,176,516 shares in PT Japfa Tbk, translated into SGD at an exchange rate of 10,676.89 SGD/IDR. 55.4% interest in PT Japfa Tbk is based on the total shares issued in PT Japfa Tbk, including treasury shares, based on the Company's announcement on SGX-ST dated 9 September 2022.
- AAG Shares in proportion to Shares held by Entitled Shareholders as at the Record Date.
- Source: Capital IQ, as of 7 October 2022. Chinese dairy peers include China Modern Dairy, China Youran Dairy and China Shengmu Organic Milk.

Background of the Proposed Supply Agreement

- AAG intends to enter into the Proposed Supply Agreement with Annona, a wholly-owned subsidiary of the Company and an "entity-at risk" under the Listing Manual, for the sale and purchase of feed (such as alfalfa, hay and oats) and other agricultural commodities, premixes and vitamins ("**Goods**").
- Upon completion of the Proposed Listing and the Proposed Distribution, AAG would cease to be a subsidiary of the Company and would be considered an "interested person" under the Listing Manual, as an "associate" of each of Mr Renaldo Santosa and Ms Gabriella Santosa, who are each a controlling shareholder of the Company and are expected to have an interest of 30% or more of the issued and paid-up capital of AAG.
- Accordingly, the Proposed Supply Agreement, which currently would not be considered an "interested person transaction", would constitute an "interested person transaction" under Chapter 9 of the Listing Manual following completion of the Proposed Distribution.
- Please refer to Appendix 1 of this Circular for diagrams illustrating the Proposed Supply Agreement (a) as at the Latest Practicable Date; and (b) following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution.
- Additionally, under the listing rules of the SEHK, the Proposed Supply Agreement will, upon the Proposed Listing, constitute a continuing connected transaction¹ of AAG and would also be subject to the "Connected Transaction" rules of the SEHK applicable to AAG following the Proposed Listing and the Proposed Distribution.

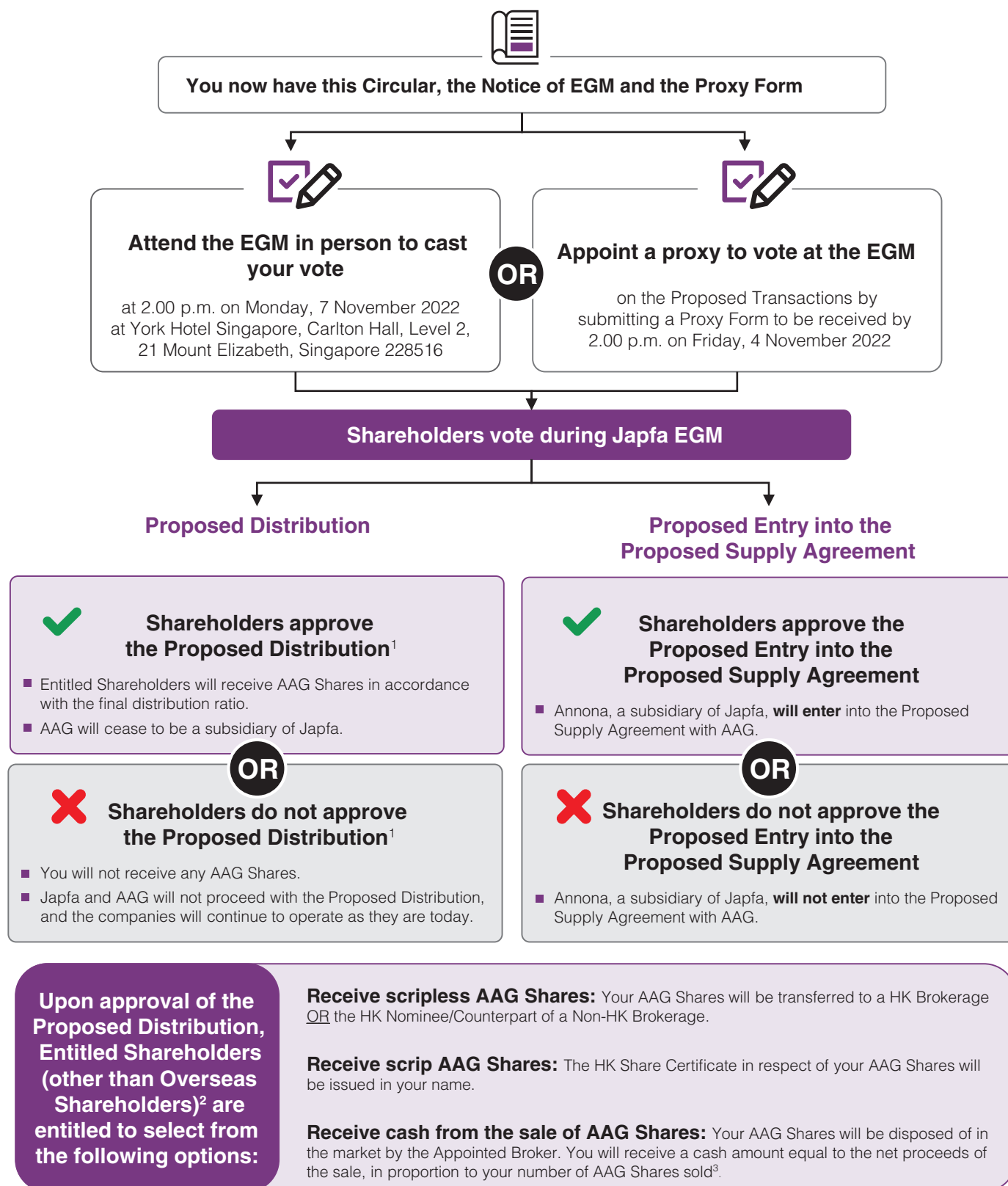
Rationale for and benefits of the Proposed Supply Agreement

- Annona was established in 2009 as a global trader under Enterprise Singapore for the purpose of aggregating the purchase of Goods of the Group so as to procure better terms from suppliers and borrowing terms from lenders.
- The Proposed Supply Agreement allows Annona to retain the AAG Group as a customer following the Proposed Distribution. The additional volume from the supply of Goods to the AAG Group can be used by Annona to negotiate for better terms for its purchases of the Goods for onward sale to all of its customers.
- Japfa will continue to earn a margin on the sale of the Goods to the AAG Group.

Opinion of the Independent Financial Adviser

- Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, W Capital Markets Pte. Ltd., who has been appointed as the IFA, is of the opinion that **the Proposed Supply Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.**
- Accordingly, the IFA advised the Independent Directors to recommend that Shareholders **VOTE IN FAVOUR** of the Proposed Supply Agreement.
- A copy of the IFA Letter is reproduced and appended as Appendix 8 to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider it in the context of this Circular before proceeding to vote on the Proposed Supply Agreement as an interested person transaction at the EGM.**

1. As defined in the listing rules of the SEHK.



1. The Undertaking Shareholders have provided an irrevocable undertaking to vote in favour of the Proposed Distribution. Accordingly, the Proposed Distribution will be approved at the EGM.

2. Please refer to Sections 6.5 and 6.6 of this Circular for the procedures relating to Overseas Shareholders' AAG Shares.

3. Except (i) where the net proceeds to which any particular Entitled Shareholder is entitled is less than S\$10.00; and/or (ii) the sale of any fractional entitlements which are disregarded, where such net proceeds shall be retained for the benefit of the Company. Please refer to Section 6.6 of this Circular for more details.

7

WHAT IF I AM UNABLE TO ATTEND THE EGM?

If you are unable to attend the EGM in person, you may appoint someone you know, or the Chairman of the EGM, to vote on your behalf by completing the Proxy Form.

Step 1 | Locate the Proxy Form

The Proxy Form is enclosed in this Circular and is also available on SGXNET and the Company's website at the URL <https://japfa.com/investors/general-report/agm-egm>.

Step 2 | Complete the Proxy Form

JAPFA LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200819599W)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT:

- Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) or individuals that appoint them from time to time are required to submit to the Registrar of Companies (ROC) relevant information (including the respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on Wednesday, 26 October 2022 (or "last event").
- This Proxy Form is not valid for use by SRS Investors and shall be null and void in all intents and purposes if used or purported to be used by them.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or authorising a person to attend, speak and vote for "me/us" on my/our behalf at the EGM to be held at York Hotel Singapore, Carlton Hill, Level 2, 21 Mount Elizabeth, Singapore 228216 on Monday, 7 November 2022 at 2.00 p.m. and at any adjournment thereof, I/we direct my/our proxy(ies) to vote for or against the Special Resolution and the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specific instructions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

NOTE: The Chairman of the EGM will be exercising his right under Regulation 86(2)(a) of the Constitution of the Company to demand a poll in respect of this Special Resolution and the Ordinary Resolution to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Special Resolution and the Ordinary Resolution at the EGM will be voted on by way of a poll.

A "I/We _____ (Name)
_____ (NRIC/Passport Number/Company Registration Number)
of _____ (Address)
being a member/members of Japfa Ltd. ("the Company"), hereby appoint:
B

Name	Address	NRIC/Passport Number	Number of Shareholdings	Proportion of Shareholdings (%)
*and/or (delete as appropriate)				
Name	Address	NRIC/Passport Number	Number of Shareholdings	Proportion of Shareholdings (%)

C or failing his/her/their, the Chairman of the Extraordinary General Meeting ("EGM") as "my/our proxy/proxies to attend, speak and vote for "me/us" on my/our behalf at the EGM to be held at York Hotel Singapore, Carlton Hill, Level 2, 21 Mount Elizabeth, Singapore 228216 on Monday, 7 November 2022 at 2.00 p.m. and at any adjournment thereof.

D "I/We direct my/our proxy(ies) to vote for or against the Special Resolution and the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specific instructions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

	For*	Against*	Abstain*
C SPECIAL RESOLUTION To approve the Proposed Distribution			
D ORDINARY RESOLUTION To approve the proposed entry into the Proposed Supply Agreement as an Interested Person Transaction			

E If you wish to exercise all your votes "For", "Against" or to abstain from voting on the Special Resolution and/or the Ordinary Resolutions, please indicate with a "2" within the box provided. Otherwise, please indicate the number of votes "For" or "Against" the Special Resolution and/or the Ordinary Resolution. If no specific instructions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

Dated this _____ day of _____ 2022

E Total Number of Shares Held _____

Signature of member(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

A

Fill in your name and particulars.

B

You may fill in the details of the appointee or leave this section blank. The Chairman of the EGM will be the appointee if this section is left blank.

C

Indicate your vote in the box labelled FOR, AGAINST or ABSTAIN.

D

If you are an individual, you or your attorney MUST SIGN and indicate the date. If you are a corporation, the Proxy Form must be executed under your common seal, executed as a deed in accordance with the Companies Act 1967 of Singapore or signed by a duly authorised officer or attorney.

E

Indicate the number of Japfa Shares you hold.

Step 3 | Submit the completed Proxy Form



If submitted by post, the Proxy Form must be sent to the Company's Share Registrar:

Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632



If submitted electronically, the Proxy Form must be submitted via email to the Company's Share Registrar at

japfaegm2022@boardroomlimited.com

- **The Proxy Form must be received by the Share Registrar by 2.00 p.m. on Friday, 4 November 2022.**
- Investors who hold Shares through relevant intermediaries (including SRS Investors) who wish to vote at the EGM should approach their relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on Wednesday, 26 October 2022.

8

INDICATIVE TIMETABLE

For illustrative purposes, the following are indicative dates and times for the Proposed Listing and the Proposed Distribution.

Last date and time for submission of questions in advance of the EGM ⁽¹⁾	:	Tuesday, 22 October 2022 at 2.00 p.m.
Last date and time for lodgement of Proxy Forms for the EGM	:	Friday, 4 November 2022 at 2.00 p.m.
Date and time of the EGM	:	Monday, 7 November 2022 at 2.00 p.m.
Expected last date of “cum” trading of the Shares on the SGX-ST for the Proposed Distribution	:	Three (3) Market Days prior to the Listing Date
Expected date and time of commencement of “ex” trading of the Shares on the SGX-ST for the Proposed Distribution ⁽²⁾ and Commencement of Trading Halt	:	Two (2) Market Days prior to the Listing Date from 9.00 a.m.
Expected date of the Loan Capitalisation	:	Prior to the Effective Date and Time
Expected Record Date	:	One (1) Market Day prior to the Listing Date at 5.00 p.m.
Expected Effective Date and Time ⁽³⁾	:	As soon as practicable after 8.00 a.m. on the Listing Date but prior to the Proposed Listing
Lifting of Trading Halt	:	9.00 a.m. on the Listing Date
Expected Listing Date	:	Targeted to be between the fourth quarter of 2022 and the first quarter of 2023, or such other date as AAG may determine to be appropriate, to be announced in due course
Expected date and time of despatch of the Election Notice and the Sale Election Notice	:	Within three (3) Market Days from the Listing Date (“ Election Despatch Date ”)
Deadline for the Company to receive the Election Form and the Sale Election Form	:	By 5.00 p.m. on the 14 th calendar day from the Election Despatch Date, being the end of the Election Period
Expected Date of Despatch or Availability of Certificates (for despatch of HK Share Certificates to Entitled Shareholders or availability for collection of HK Share Certificates by their HK Brokerage or Non-HK Brokerage’s HK Nominee/Counterpart (as the case may be))	:	Within five (5) Market Days following the end of the Election Period
Expected date to receive cash amount equal to net proceeds of the sale (for Entitled Shareholders who have opted for the Sale Election) and Overseas Shareholders	:	Within 90 days following the end of the Election Period

Save for the last date and time for the submission of questions in advance of the EGM, the last date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the above timetable is indicative only and is subject to change. Further details will be made available to Shareholders through announcements on SGXNET.

Notes:

- Shareholders may submit substantial and relevant questions in advance of the EGM. The Company will endeavour to address all substantial and relevant questions received from Shareholders either before the EGM on SGXNET and the Company’s website (being at least 72 hours prior to the last date and time for lodgement of Proxy Form) or during the EGM. Please refer to Section 16 of this Circular for further details.
- Shareholders should note that there is no assurance that the Proposed Distribution and/or the Proposed Listing will take place after commencement of “ex” trading of the Shares on the SGX-ST. In the event that Shareholders trade in the Shares after commencement of “ex” trading of the Shares but before the Proposed Distribution and/or the Proposed Listing take place, such Shareholders may realise their Shares at a price which is lower than the actual market value of such Shares. Accordingly, the Company will be requesting for a trading halt from immediately prior to the “ex” trading of the Shares on the SGX-ST, with trading in the Shares to recommence on the Listing Date.
- The Proposed Distribution will only become effective upon, among others, the underwriting agreements for the Proposed Listing becoming unconditional, which is expected to take place at 8.00 a.m. on the Listing Date.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

“6M2022”	:	Six (6) months ended 30 June 2022
“AAG”	:	AustAsia Group Pte. Ltd. (formerly known as AustAsia Investment Holdings Pte. Ltd.)
“AAG Board”	:	The board of directors of AAG
“AAG Controlling Shareholders”	:	The group of controlling shareholders (for the purposes of the listing rules of the SEHK) of AAG following completion of the Proposed Listing and the Proposed Distribution which are, as at the Latest Practicable Date, expected to comprise: (a) Mr Renaldo Santosa and Ms Gabriella Santosa, each a controlling shareholder of the Company; and (b) the Santosa Family Entities
“AAG Group”	:	AAG, together with its subsidiaries
“AAG Performance Share Plan”	:	The performance share plan adopted by AAG on 3 July 2020, as amended from time to time
“AAG Shares”	:	The issued and paid-up ordinary shares in the capital of AAG
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Annona”	:	Annona Pte. Ltd., a wholly-owned subsidiary of the Company
“Application Proof”	:	The redacted version of the draft Listing Document, which was submitted to the SEHK as part of the application for the Proposed Listing
“Appointed Broker”	:	Such broker(s) as the Company may appoint for the purposes of selling AAG Shares in connection with the Sale Election
“Audit and Risk Committee”	:	The audit and risk committee of the Company comprising Mr Ng Quek Peng, Mr Chia Wee Boon and Mr Tan Kian Chew, for the time being
“CAGR”	:	Compound annual growth rate

DEFINITIONS

“Capital Reduction”	:	The proposed capital reduction exercise to be carried out by the Company pursuant to Section 78G read with Section 78I of the Companies Act to effect the Proposed Distribution, details of which are set out in Section 4 of this Circular
“Capitalised AAG Shares”	:	The AAG Shares to be issued by AAG to the Company at the price per AAG Share at the IPO pursuant to the Loan Capitalisation
“CCASS”	:	Central Clearing and Settlement System, a securities settlement system operated by the HKSCC for clearing and settlement of securities transactions on the SEHK
“CCASS Investor Participant”	:	A person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	:	A CCASS broker participant, a CCASS custodian participant or a CCASS Investor Participant
“CDP”	:	The Central Depository (Pte) Limited
“CFU”	:	Colony-forming unit, a measure of viable bacteria or fungal cells in a sample
“Chi Forest”	:	Genki Forest Technology Group Holdings Limited, a shareholder of AAG (through Plutus Taurus Technology HK Limited)
“Circular”	:	This circular to Shareholders dated 15 October 2022
“Companies Act”	:	The Companies Act 1967 of Singapore, as may be amended or modified from time to time
“Company” or “Japfa”	:	Japfa Ltd.
“Court”	:	The High Court of the Republic of Singapore
“CPF”	:	Central Provident Fund
“DBS Bank” or “Financial Adviser”	:	DBS Bank Ltd., the financial adviser to the Company in respect of the Proposed Distribution
“Directors” or “Board”	:	The directors of the Company for the time being
“EBITDA”	:	Earnings before interest, tax, depreciation and amortisation

DEFINITIONS

“Effective Date”	:	The date on which the Proposed Distribution becomes effective
“EGM”	:	The extraordinary general meeting of the Company to be held on Monday, 7 November 2022 at 2.00 p.m., notice of which is given on pages 89 to 93 of this Circular
“Election Despatch Date”	:	The date of despatch of the Election Notice and the Sale Election Notice as set out in the section titled “Indicative Timetable” of this Circular
“Election Form”	:	The election form accompanying the Election Notice
“Election Notice”	:	The election notice to be despatched by the Company to the Entitled Shareholders (other than the Overseas Shareholders) following the Record Date
“Election Period”	:	The period commencing from the Election Despatch Date and ending on the 14 th calendar day from the Election Despatch Date, being the deadline for the Company to receive the Election Form and the Sale Election Form
“Entitled Shareholders”	:	Shareholders as at the Record Date
“EPS”	:	Earnings per Share
“Existing AAG Shares”	:	210,069,981 AAG Shares (before adjusting for the Proposed Share Split), being the total number of issued AAG Shares held by the Company, representing 62.5% of the total number of issued AAG Shares, excluding treasury shares, as at the Latest Practicable Date
“Existing Share Capital”	:	2,042,969,220 Shares, being the total number of issued Shares, excluding treasury shares, as at the Latest Practicable Date
“Existing Shareholder’s Loans”	:	Shareholder’s loans in an aggregate amount of US\$25,540,097 owed to the Company by the AAG Group as at the Latest Practicable Date
“Expected Date of Despatch or Availability of Certificates”	:	The date of despatch of HK Share Certificates to Entitled Shareholders or availability for collection of HK Share Certificates by their HK Brokerage or Non-HK Brokerage’s HK Nominee/Counterpart (as the case may be)
“Frost & Sullivan”	:	Frost & Sullivan International Limited
“FY”	:	Financial year ended or ending 31 December

DEFINITIONS

“GDP”	:	Gross Domestic Product
“Goods”	:	The goods proposed to be supplied under the Proposed Supply Agreement, being feed (such as alfalfa, hay and oats) and other agriculture commodities, premixes and vitamins
“Group” or “Japfa Group”	:	The Company and its subsidiaries from time to time
“HK Brokerage”	:	A brokerage in Hong Kong
“HK Nominee/ Counterpart”	:	A brokerage, custodian bank or nominee in Hong Kong that provides custodial and nominee services for a Non-HK Brokerage
“HK Share Certificate”	:	The share certificate of AAG in relation to the AAG Shares to be issued by the Hong Kong Share Registrar under the Proposed Distribution
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“Honest Dairy”	:	Honest Dairy Group Co. Ltd., a shareholder of AAG
“Hong Kong”	:	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	:	Computershare Hong Kong Investor Services Limited, being the Hong Kong branch share registrar and transfer office of AAG
“IFA”	:	W Capital Markets Pte. Ltd., being the independent financial adviser in respect of the Proposed Supply Agreement as an interested person transaction
“IFA Letter”	:	The letter from the IFA advising the Independent Directors whether the Proposed Supply Agreement as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders
“Independent Directors”	:	Mr Ng Quek Peng, Ms Lien Siaou-Sze, Mr Manu Bhaskaran, Mr Tan Kian Chew and Mr Chia Wee Boon
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of voting on the Proposed Supply Agreement
“Initial Term”	:	The initial term of the Proposed Supply Agreement, commencing on the Listing Date and expiring on 31 December 2024

DEFINITIONS

“IPO”	:	The initial public offering of AAG on the Main Board of the SEHK
“IVF”	:	In vitro fertilisation
“Japfa Animal Protein”	:	Japfa, together with its subsidiaries (excluding the AAG Group)
“Japfa APO”	:	Japfa’s Animal Proteins Other businesses
“Latest Practicable Date”	:	7 October 2022, being the latest practicable date prior to the issue of this Circular
“Listing Date”	:	The date on which the AAG Shares are listed on the SEHK and from which date dealings in AAG Shares are permitted to commence on the SEHK
“Listing Document”	:	The prospectus to be issued by AAG in conjunction with the Proposed Listing
“Listing Manual”	:	The Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date
“Loan Capitalisation”	:	The capitalisation of the Existing Shareholder’s Loans
“Market Day”	:	A day on which the SGX-ST and/or the SEHK (as applicable) is/are open for trading in securities
“Meiji”	:	Meiji Co., Ltd., a shareholder of AAG (through Meiji (China) Investment Company)
“New Hope Dairy”	:	New Hope Dairy Co., Ltd., a shareholder of AAG (through GGG Holdings Limited)
“Nominated SRS Broker”	:	A nominated brokerage to be appointed by the Company to facilitate the receipt of entitlements to the AAG Shares by SRS Investors
“Nominating Committee”	:	The nominating committee of the Company comprising Mr Manu Bhaskaran, Ms Lien Siaou-Sze and Mr Ng Quek Peng, for the time being
“Non-HK Brokerage”	:	An Entitled Shareholder’s brokerage outside of Hong Kong which has custodial and nominee arrangements with, and is able to trade on the SEHK through a HK Nominee/ Counterpart

DEFINITIONS

“Notice of EGM”	:	The notice of EGM set out on pages 89 to 93 of this Circular
“NTA”	:	Net tangible asset
“Ordinary Resolution”	:	The ordinary resolution set out in the Notice of EGM
“Overseas Shareholders”	:	Shareholders whose registered addresses appearing in the Register of Members of the Company or the depository register maintained by CDP (as the case may be) are outside Singapore as at the Record Date, and who have not at least three (3) Market Days prior to the Record Date, provided the Share Registrar or CDP (as the case may be) with addresses in Singapore for the service of notices and documents
“Overseas Shareholders’ AAG Shares”	:	The Overseas Shareholders’ entitlement to the AAG Shares pursuant to the Proposed Distribution
“PRC” or “China”	:	The People’s Republic of China
“Proposed Distribution”	:	The proposed distribution <i>in specie</i> of the Company’s AAG Shares (being both the Existing AAG Shares and the Capitalised AAG Shares) to Entitled Shareholders in proportion to their respective shareholdings in the Company as at the Record Date, illustrative details of which are set out in Section 4 of this Circular, and fractional entitlements (where applicable) to be disregarded
“Proposed Listing”	:	The proposed listing of AAG on the Main Board of the SEHK
“Proposed Share Split”	:	The proposed sub-division of each AAG Share into 1.85 AAG Shares, subject to finalisation by AAG prior to issuance of the Listing Document
“Proposed Supply Agreement”	:	The amended and restated supply agreement to be entered into between AAG and Annona in connection with the Proposed Listing relating to the sale and purchase of Goods
“Proposed Transactions”	:	Collectively, the Proposed Distribution and the Proposed Supply Agreement
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular

DEFINITIONS

“PT Japfa Tbk”	:	PT Japfa Comfeed Indonesia Tbk, the Company’s 55.4%-owned subsidiary in Indonesia, which engages in animal protein operations to produce animal feed and multiple animal proteins, namely poultry, beef and aquaculture, which is one of the three (3) segments that the Company is principally engaged in
“Pure Source Dairy”	:	Pure Source Dairy Farm Co., Ltd., a company established in the PRC and an indirect wholly-owned subsidiary of AAG
“Record Date”	:	A date to be determined by the Directors and announced by the Company on which the share transfer books of the Company and Register of Members will be closed for the purpose of determining the entitlements of Shareholders in connection with the Proposed Distribution
“Register of Members”	:	The Register of Members of the Company
“RMB”	:	Renminbi
“Sale Election”	:	The election by Entitled Shareholders to have their entitlement of AAG Shares under the Proposed Distribution disposed of in the market by the Appointed Broker following the Proposed Listing
“Sale Election Form”	:	The sale election form accompanying the Sale Election Notice
“Sale Election Notice”	:	The sale election notice to be despatched by the Company to the Entitled Shareholders (other than the Overseas Shareholders) following the Record Date
“Santosa Family Entities”	:	Collectively, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc., who collectively hold approximately 60.39% of the total number of issued Shares as at the Latest Practicable Date
“Scrip Shareholders”	:	Shareholders who hold Shares registered in their own names in the Register of Members
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“SEHK”	:	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“SEHK Approval”	:	The approval of the Listing Committee of the SEHK for the Proposed Listing
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., being the share registrar of the Company
“Shareholders”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose Securities Accounts maintained by the CDP are credited with those Shares
“Shares” or “Japfa Shares”	:	Ordinary shares in the capital of the Company
“Special Resolution”	:	The special resolution set out in the Notice of EGM
“SRS”	:	Supplementary Retirement Scheme, a voluntary savings scheme that is complementary to the CPF in Singapore
“SRS Approved Bank”	:	An approved bank in which SRS Investors hold their accounts under the SRS
“SRS Investor”	:	An investor who holds Shares under the SRS
“Substantial Shareholder”	:	A person who has an interest directly or indirectly in 5% or more of the total number of voting Shares of the Company
“S\$” or “SGD” and “cents”	:	Singapore dollars and cents, respectively
“Track Record Period”	:	The three (3) years ended 31 December 2021 and the six (6) months ended 30 June 2022
“Trading Margin”	:	The overall cap of Annona’s earnings before interest and tax for each financial year of 5%
“Undertaking Shareholders”	:	Rangi Management Limited, Tasburgh Limited and Morze International Limited holding 51.98%, 5.22% and 15.21% of the total number of issued Shares as at the Latest Practicable Date, respectively
“U.S.”	:	United States of America

DEFINITIONS

“**US\$**” or “**USD**” : United States dollars

“**%**” or “**per cent.**” : Percentage or per centum

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

The term “**relevant intermediary**” shall have the meaning ascribed to it in Section 181 of the Companies Act.

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

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 and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being. Any word defined under the Companies Act, the SFA, the Listing Manual, The Singapore Code on Take-overs and Mergers or any relevant laws of the Republic of Singapore or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual, The Singapore Code on Take-overs and Mergers or any relevant laws of the Republic of Singapore or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular is a reference to Singapore time and date, respectively, unless otherwise stated.

Certain monetary amounts and percentages in this Circular have been subject to rounding adjustments. Any discrepancies in figures included in this Circular of an arithmetic aggregation of such figures or derivatives of such figures are due to rounding.

INDICATIVE TIMETABLE

For illustrative purposes, the following are indicative dates and times for the Proposed Listing and the Proposed Distribution.

Last date and time for submission of questions in advance of the EGM ⁽¹⁾	:	Tuesday, 25 October 2022 at 2.00 p.m.
Last date and time for lodgement of Proxy Forms for the EGM	:	Friday, 4 November 2022 at 2.00 p.m.
Date and time of the EGM	:	Monday, 7 November 2022 at 2.00 p.m.
Expected last date of “cum” trading of the Shares on the SGX-ST for the Proposed Distribution	:	Three (3) Market Days prior to the Listing Date
Expected date and time of commencement of “ex” trading of the Shares on the SGX-ST for the Proposed Distribution ⁽²⁾ and Commencement of Trading Halt	:	Two (2) Market Days prior to the Listing Date from 9.00 a.m.
Expected date of the Loan Capitalisation	:	Prior to the Effective Date and Time
Expected Record Date	:	One (1) Market Day prior to the Listing Date at 5.00 p.m.
Expected Effective Date and Time ⁽³⁾	:	As soon as practicable after 8.00 a.m. on the Listing Date but prior to the Proposed Listing
Lifting of Trading Halt	:	9.00 a.m. on the Listing Date
Expected Listing Date	:	Targeted to be between the fourth quarter of 2022 and the first quarter of 2023, or such other date as AAG may determine to be appropriate, to be announced in due course
Expected date and time of despatch of the Election Notice and the Sale Election Notice	:	Within three (3) Market Days from the Listing Date (“ Election Despatch Date ”)
Deadline for the Company to receive the Election Form and the Sale Election Form	:	By 5.00 p.m. on the 14 th calendar day from the Election Despatch Date, being the end of the Election Period
Expected Date of Despatch or Availability of Certificates (for despatch of HK Share Certificates to Entitled Shareholders or availability for collection of HK Share Certificates by their HK Brokerage or Non-HK Brokerage’s HK Nominee/Counterpart (as the case may be))	:	Within five (5) Market Days following the end of the Election Period
Expected date to receive cash amount equal to net proceeds of the sale (for Entitled Shareholders who have opted for the Sale Election and Overseas Shareholders)	:	Within 90 days following the end of the Election Period

INDICATIVE TIMETABLE

Notes:

- (1) Shareholders may submit substantial and relevant questions in advance of the EGM. The Company will endeavour to address all substantial and relevant questions received from Shareholders either before the EGM on SGXNET and the Company's website (being at least 72 hours prior to the last date and time for lodgement of Proxy Form) or during the EGM. Please refer to Section 16 of this Circular for further details.
- (2) Shareholders should note that there is no assurance that the Proposed Distribution and/or the Proposed Listing will take place after commencement of "ex" trading of the Shares on the SGX-ST. In the event that Shareholders trade in the Shares after commencement of "ex" trading of the Shares but before the Proposed Distribution and/or the Proposed Listing take place, such Shareholders may realise their Shares at a price which is lower than the actual market value of such Shares. Accordingly, the Company will be requesting for a trading halt from immediately prior to the "ex" trading of the Shares on the SGX-ST, with trading in the Shares to recommence on the Listing Date.
- (3) The Proposed Distribution will only become effective upon, among others, the underwriting agreements for the Proposed Listing becoming unconditional, which is expected to take place at 8.00 a.m. on the Listing Date.

Save for the last date and time for the submission of questions in advance of the EGM, the last date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the above timetable is indicative only and is subject to change. Further details will be made available to Shareholders through announcements on SGXNET.

LETTER TO SHAREHOLDERS

JAPFA LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200819599W)

Board of Directors

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 (*Lead Independent Director*)
Ms Lien Siaou-Sze (*Independent Director*)
Mr Manu Bhaskaran (*Independent Director*)
Mr Tan Kian Chew (*Independent Director*)
Mr Chia Wee Boon (*Independent Director*)

Registered Office

391B Orchard Road
#18-08 Ngee Ann City
Tower B
Singapore 238874

15 October 2022

To: Shareholders of Japfa Ltd.

Dear Sir/Madam

- (1) **THE PROPOSED CONDITIONAL DISTRIBUTION *IN SPECIE* TO SHAREHOLDERS OF THE COMPANY, OF SHARES IN AUSTASIA GROUP PTE. LTD. (FORMERLY KNOWN AS AUSTASIA INVESTMENT HOLDINGS PTE. LTD.) HELD AND TO BE HELD BY THE COMPANY, TO BE LISTED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED, BY WAY OF CAPITAL REDUCTION AND (IF APPLICABLE) DIVIDEND *IN SPECIE***
- (2) **THE PROPOSED ENTRY INTO A SUPPLY AGREEMENT FOR RAW MATERIALS BETWEEN AUSTASIA GROUP PTE. LTD. (FORMERLY KNOWN AS AUSTASIA INVESTMENT HOLDINGS PTE. LTD.) AND ANNONA PTE. LTD. AS AN INTERESTED PERSON TRANSACTION**

1. INTRODUCTION

1.1 Background to the Proposed Distribution

On 29 March 2022, the Company announced (a) AAG's submission of an application to the SEHK in connection with AAG's proposed listing on the Main Board of the SEHK (the "**Proposed Listing**"); and (b) in connection thereto, the proposed distribution by the Company of its shareholding in AAG, representing 62.5% of the total number of issued AAG Shares, to Entitled Shareholders by way of a Capital Reduction conditional upon AAG obtaining SEHK Approval, in proportion to their respective shareholdings in the Company as at the Record Date, fractional entitlements (where applicable) to be disregarded. AAG is a principal subsidiary of the Company and the holding company of its dairy farming business.

Further to the announcements made by the Company on 29 March 2022, 28 September 2022 (in relation to the proposed extension of AAG's application for the Proposed Listing) and 14 October 2022 (in relation to the re-submission of the application for the Proposed Listing), the Company intends to capitalise the shareholder's loans in an aggregate amount of approximately US\$25.54 million owed to the Company by the AAG Group ("**Existing Shareholder's Loans**") (the "**Loan Capitalisation**") prior to the Proposed Distribution and in return receive such number of Capitalised AAG Shares issued to it based on the price per AAG Share at the IPO.

LETTER TO SHAREHOLDERS

The Proposed Distribution will involve the distribution of the Existing AAG Shares and the Capitalised AAG Shares.

As such, the Company intends to effect a distribution *in specie* of the Existing AAG Shares and the Capitalised AAG Shares, to Entitled Shareholders in proportion to their respective shareholdings in the Company as at the Record Date, fractional entitlements (where applicable) to be disregarded (the “**Proposed Distribution**”).

The Proposed Distribution will be effected by way of Capital Reduction by reducing the Company’s issued and paid-up capital by approximately US\$580.98 million (being the sum of approximately US\$555.44 million based on the Company’s cost of investment in AAG and the aggregate amount of approximately US\$25.54 million pursuant to the Loan Capitalisation). The Company is also seeking the approval of Shareholders for it to distribute the Capitalised AAG Shares by way of a dividend *in specie*, if required, as the Directors may decide in their sole discretion.

The Company and AAG will put in place arrangements for Entitled Shareholders to be provided with four (4) options in relation to the Proposed Distribution. Please refer to Section 6 of this Circular for further details on the administrative procedures relating to the Proposed Distribution.

While it is currently expected that Entitled Shareholders will receive one (1) AAG Share for every five (5) Shares held as at the Record Date, the actual distribution ratio will be fixed by the Company on or around the Record Date and will be determined based on, amongst others, the number of Shares in issue as at the Record Date, the number of the Existing AAG Shares, the number of the Capitalised AAG Shares, the Proposed Share Split and the price per AAG Share as at the IPO. Where possible, the Company will, in considering the final distribution ratio, look to minimise the odd number of AAG Shares each Entitled Shareholder receives in respect of a board lot of AAG Shares. This may result in the Company continuing to hold a number of AAG Shares as at the Listing Date. Please refer to Section 4.2 of this Circular for further illustrative details relating to the Proposed Distribution.

As the Proposed Distribution will be effected by the Capital Reduction and if applicable, a dividend *in specie*, no payment or other form of consideration will be required from Entitled Shareholders for the Proposed Distribution. For the avoidance of doubt, the entitlements of Entitled Shareholders under the Proposed Distribution will not differ if the distribution of the Capitalised AAG Shares is effected by way of Capital Reduction or a dividend *in specie*. The AAG Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the Effective Date.

1.2 Background to the Proposed Supply Agreement

In connection with and upon completion of the Proposed Listing and the Proposed Distribution, AAG would cease to be a subsidiary of the Company and would be considered an “associate” of Mr Renaldo Santosa and Ms Gabriella Santosa, each, a controlling shareholder of the Company, who are, through the Santosa Family Entities, expected to have an interest of 30% or more of the issued and paid-up capital of AAG. Accordingly, upon completion of the Proposed Listing and the Proposed Distribution, AAG would be considered an “interested person” under the Listing Manual. AAG intends to enter into the Proposed Supply Agreement with Annona, a wholly-owned subsidiary of the Company and an “entity-at risk” under the Listing Manual, for the sale and purchase of agricultural commodities, premixes and vitamins. The Proposed Supply Agreement to be entered into by AAG with Annona, which currently would not be considered an “interested person transaction”, would constitute an “interested person transaction” under Chapter 9 of the

LETTER TO SHAREHOLDERS

Listing Manual following completion of the Proposed Distribution. Please refer to Appendix 1 for diagrams illustrating the Proposed Supply Agreement (a) as at the Latest Practicable Date; and (b) following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution. Additionally, under the listing rules of the SEHK, as the Company is a 30%-controlled company¹ of the AAG Controlling Shareholders, who collectively hold approximately 60.47% of the total number of issued Shares, the Company and Annona are connected persons¹ of AAG by virtue of being associates¹ of a substantial shareholder¹ of AAG and the Proposed Supply Agreement will, upon the Proposed Listing, constitute a continuing connected transaction¹ of AAG. Accordingly, the Proposed Supply Agreement would also be subject to the “Connected Transaction” rules of the SEHK applicable to AAG following the Proposed Listing and the Proposed Distribution. Please refer to Section 10 of this Circular for further details relating to the Proposed Supply Agreement.

1.3 Financial Adviser

DBS Bank has been appointed as the financial adviser to the Company in respect of the Proposed Distribution.

1.4 Legal Adviser

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in respect of the Proposed Transactions.

1.5 Independent Financial Adviser

W Capital Markets Pte. Ltd. has been appointed as the IFA as required under Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors in respect of the Proposed Supply Agreement.

1.6 EGM

The Directors are convening an EGM to be held at York Hotel Singapore, Carlton Hall, Level 2, 21 Mount Elizabeth, Singapore 228516 on Monday, 7 November 2022 at 2.00 p.m., the notice of which is set out at pages 89 to 93 of this Circular, to seek Shareholders’ approval for the Proposed Distribution and the Proposed Supply Agreement.

1.7 Duration of Authority

To provide AAG with flexibility as to the timing of the Proposed Listing, unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Special Resolution relating to the Proposed Distribution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of the Special Resolution and expiring on the earlier of:

- (a) 30 June 2023; and
- (b) the date on which the authority conferred by the Special Resolution is revoked or varied by the Company in general meeting.

¹ As defined in the listing rules of the SEHK.

LETTER TO SHAREHOLDERS

1.8 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions.

2. CAUTIONARY STATEMENT

The Company does not intend for the Proposed Distribution to be effective until the Listing Date. Accordingly, the Proposed Distribution will only proceed when there is a high degree of certainty that the Proposed Listing will proceed.

The Company would also like to highlight that the Proposed Listing and the Proposed Distribution are dependent on, *inter alia*, the requisite approvals from the relevant regulatory authorities, and the then-prevailing market conditions. Further, the Directors may, or the AAG Board may (as the case may be) notwithstanding that all requisite regulatory approvals have been obtained, in their sole and absolute discretion, decide not to proceed with the Proposed Distribution and the Proposed Listing respectively if, having regard to investors' interests and response at the material time and any other relevant factors, the Directors or the AAG Board (as the case may be) deem it not in the interests of the Company or AAG to proceed with the Proposed Distribution or the Proposed Listing, respectively. Accordingly, there is no assurance that the Proposed Listing and the Proposed Distribution will materialise in due course or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt as to the actions they should take. The Company will make the relevant announcements as and when required and as and when material developments arise in respect of the Proposed Listing and the Proposed Distribution.

In particular, Shareholders should note that there is no assurance that the Proposed Distribution and/or the Proposed Listing will take place after commencement of "ex" trading of the Shares on the SGX-ST, which is expected to commence two (2) Market Days prior to the Listing Date. In the event that Shareholders trade in the Shares after commencement of "ex" trading of the Shares but before the Proposed Distribution and/or the Proposed Listing take place, such Shareholders may realise their Shares at a price which is lower than the actual market value of such Shares. Accordingly, the Company will be requesting for a trading halt from immediately prior to the "ex" trading of the Shares on the SGX-ST, with trading in the Shares to recommence on the Listing Date.

This Circular does not constitute, and is not intended to be, an offer or an initial public offering or a notice, circular or advertisement calling or drawing attention to an offer or an initial public offering to the public to subscribe for and/or purchase any shares or a statement intended to induce any person to apply for any shares in the Proposed Listing.

Certain descriptions and disclosures in respect of the AAG Group and its business have been included in this Circular. If and when the Listing Document is issued by AAG, it should be noted that the information in relation to AAG, the AAG Group and its business set out in the Listing Document will be more comprehensive than that set out in this Circular, as it will be prepared in compliance with the listing requirements of the SEHK and will contain prescribed information and presentation of information, and take into account any comments from the SEHK and the Securities and Futures Commission of Hong Kong and any further developments

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following the Latest Practicable Date. Reference to such Listing Document is therefore recommended for a more complete understanding of AAG and the AAG Group. A copy of the Application Proof, being the redacted version of the draft Listing Document submitted to the SEHK as part of the application for the Proposed Listing, is available at the website of the SEHK at www.hkexnews.hk.

3. OVERVIEW OF THE PROPOSED LISTING AND THE PROPOSED DISTRIBUTION

3.1 Overview of the Group

As at the Latest Practicable Date, Japfa, through its subsidiaries and associated companies, is principally engaged in the following three (3) segments:

- (a) Animal Protein – PT Japfa Tbk: animal protein operations through its public listed subsidiary in Indonesia, PT Japfa Tbk, which produces animal feed and multiple animal proteins, namely poultry, beef and aquaculture;
- (b) Animal Protein – Other: animal protein operations in Vietnam, India, Myanmar and Bangladesh which produce quality animal feed, poultry and swine; and
- (c) Dairy: mainly comprises production of raw milk and beef operations in China. This refers to the business of the AAG Group.

The structure charts of the Group and the AAG Group (a) as at the Latest Practicable Date; and (b) following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution are set out in Appendix 2. The selected historical financial information of the Group, the AAG Group and Japfa Animal Protein for FY2019, FY2020, FY2021 and 6M2022 are set out in Appendix 3.

3.2 Overview of the AAG Group²

AAG was incorporated under the laws of Singapore on 17 April 2009 and it is currently a principal subsidiary of Japfa and the holding company of its dairy farming business. The AAG Group carries on dairy farming, raw milk production, and beef cattle operations in China³. According to Frost & Sullivan⁴, the AAG Group is one of the top five (5) dairy farm operators in China, ranking third, fourth and fifth among all dairy farm operators in China in terms of sales volume, sales value and production volume of raw milk in 2021, with a market share of 1.6%, 1.8% and 1.7% respectively. The AAG Group provides premium raw milk to a well-diversified customer base of downstream dairy product manufacturers.

In 2020 and 2021, Japfa strengthened AAG's position as the leading independent milk producer in China through the introduction of several of the AAG Group's strategic milk processor customers (namely Meiji, Chi Forest⁵, Honest Dairy and New Hope Dairy) as shareholders of AAG through the sale of AAG Shares to them. These were announced by

² Based on the information from AAG and the Application Proof.

³ A small portion of AAG's raw milk is processed into its own branded dairy products sold through its subsidiary in Shanghai.

⁴ Certain references to Frost & Sullivan in this Circular are based on an independent market research report prepared by Frost & Sullivan, which was commissioned by AAG for the purpose of the Listing Document.

⁵ The sale and purchase agreement was entered into by Plutus Taurus Technology HK Limited (a subsidiary of Chi Forest).

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Japfa on SGXNET on 3 July 2020, 30 August 2021, 7 September 2021 and 3 December 2021. Following completion of the aforesaid transactions, AAG continues to be a principal subsidiary of Japfa, with Japfa retaining a 62.5% interest.

As at 7 October 2022, being the latest practicable date in the Application Proof, AAG has nine (9) principal subsidiaries. Further details of these nine (9) principal subsidiaries are set out in Appendix 4.

The *pro forma* unaudited consolidated income statement and balance sheet of the AAG Group for FY2019, FY2020, FY2021 and 6M2022 are set out in Appendix 5.

3.3 Strengths of the AAG Group⁶

The Company believes that AAG has the following competitive strengths which enables it to take advantage of current and future growth opportunities:

(a) Pioneer in the high-growth dairy sector driven by increasing demand and premiumisation

According to Frost & Sullivan, AAG was the first dairy farm operator in China to design, build and operate large-scale and standardised dairy farms with over 10,000 heads of dairy cows. As of 7 October 2022, being the latest practicable date in the Application Proof, AAG owned and operated 10 dairy farms in China.

Driven by the rapid development of the economy and the increase of per capita disposable income, China's dairy sector has experienced steady growth in recent years. According to Frost & Sullivan, the total retail sales value of dairy products increased from RMB363.0 billion in 2016 to RMB557.4 billion in 2021, representing a CAGR of 9.0%, and is expected to further grow at a CAGR of 9.5% to RMB875.5 billion in 2026. With increasing consumer preference for high-end and diversified dairy products, the retail sales value of high-end liquid milk has grown from RMB87.8 billion in 2016 to RMB184.9 billion in 2021, and is expected to further grow at a CAGR of 16.2% to RMB391.3 billion in 2026, which represents a significantly higher growth rate compared to regular liquid milk.

Rapid growth and structural changes in the downstream dairy landscape have increased the demand for high-end raw milk in the upstream market. Leading national and regional dairy manufacturers are focusing more on new product development to meet consumers' growing demand for diversified high-end milk products. Also, emerging dairy brands have been gaining more market share due to their digital marketing efforts among younger generation consumers and by focusing on various high-end product offerings. These emerging brands have been growing at a CAGR of more than 50% in revenue of dairy products during the past three (3) years. It is expected that the increase in the overall demand for mid-to-high-end dairy products will sustain a momentum of double-digit growth for many of these emerging dairy brands over the next five (5) years, which in turn will drive demand growth for the upstream dairy farm operators who cooperate with these emerging dairy brands.

⁶ Certain information in Section 3.3 of this Circular is extracted from the Application Proof of AAG, which is prepared in accordance with the requirements of the listing rules of the SEHK. Such information may differ from the *pro forma* unaudited financial information of the AAG Group contained in Appendix 5 of this Circular, which is prepared based on the historical consolidated financial information of the Group.

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AAG focuses on delivering premium raw milk to its well-diversified portfolio of customers. Without over-reliance on a single dominant customer, AAG has stronger pricing power as compared to other top market players, which puts AAG in a better position to benefit from the growth of the dairy market and consumption upgrade in China. AAG has established long-term relationships with both leading national and regional dairy product manufacturers (including Mengniu, Bright Dairy, Meiji, Junlebao, New Hope Dairy, Jiabao and Classykiss) and emerging dairy brands (such as Chi Forest and Honest Dairy). AAG's stable supply of high-quality and traceable raw milk has enabled these dairy brands to promote their various high-end milk product offerings catering to the end customers, which in return has boosted its revenue.

(b) Deep expertise in large-scale farm operations and relentless pursuit of operational excellence

AAG is an expert in operating large-scale dairy farms in China. The average number of dairy cows in its dairy farms was 9,762 as of 31 December 2021, the second highest among the top five (5) dairy farm operators by herd size in China, according to Frost & Sullivan. AAG is able to benefit from economies of scale by spreading fixed costs over a larger herd size, being greater suppliers of milk, increasing human capital efficiency from the subdivision and specialisation of labour and management, and purchasing raw materials and services in volume at discounted rates.

AAG has set up standard operating procedures in each stage of the production process, including land sourcing, farm design and construction, animal welfare and farm management, which have contributed to its improved operational performance.

- **High efficiency and productivity.** By leveraging on its modern and scientific practices and large-scale dairy farming expertise, AAG has continuously achieved higher efficiency compared to its peers. AAG has been ranked No. 1 in China in terms of average milk yield per milkable cow for seven (7) consecutive years from 2015 to 2021, and in 2021, five (5) of its dairy farms were ranked among the top 10 large-scale dairy farms with over 10,000 heads of dairy cows in China in terms of annualised average milk yield per milkable cow. In 2021, its annualised average milk yield per milkable cow reached 12.7 tons/year, far exceeding the industry average of 8.7 tons/year and the average for the top five (5) dairy farm operators of 11.5 tons/year.
- **Healthy cows and cattle.** AAG creates a comfortable living environment for its dairy cows and beef cattle. Dongying Shenzhou AustAsia Dairy Farm, one of its dairy farms in Dongying, Shandong, is the first and only dairy farm in China that has been recognised by the Ministry of Agriculture and Rural Affairs of the People's Republic of China as having both zero bovine tuberculosis and zero brucellosis, establishing a benchmark for the industry. By adopting advanced breeding technologies and disease prevention practices, AAG achieved a low death rate for its milkable cows and mastitis morbidity of 5.0% and 5.3% in 2021, compared to the industry average of 6.2% and 18.2%.
- **Consistent supply of high quality raw milk.** AAG believes that happy cows produce better milk. With its advanced farm management and skilled employees, AAG is able to consistently supply high quality raw milk to customers. For example, the protein content and fat content of its raw milk were 3.3% and 3.8%

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in 2021, respectively, surpassing PRC national, Japanese and U.S. standards. The aerobic plate count and somatic cell count of its milk are 5,081 CFU/ml and 141,239 CFU/ml in 2021, well below the maximum counts allowed under the PRC, U.S. and European standards.

(c) Proven and synergistic business model with high growth prospects

AAG has established an integrated business model comprising three (3) business segments: raw milk business, beef cattle business and ancillary business. Leveraging its established standard operating procedures and expertise in farm management, AAG has extended the success of its raw milk business to its beef cattle business. AAG has achieved synergy between its raw milk business and beef cattle business and all of its beef cattle are from its dairy farms. AAG's raw milk business provides a stable and self-sustaining source of cattle with excellent genetic traits, health conditions and easy traceability, which further improved the productivity of its beef cattle. AAG has further achieved cost efficiencies through economies of scale and optimisation of resources such as shared land and its team of technical experts. As of 7 October 2022 (being the latest practicable date in the Application Proof), AAG owned and operated two (2) large-scale beef cattle feedlots in China with a total herd size of 25,414 heads of beef cattle as of 31 December 2021. In 2021, AAG was the eleventh largest beef cattle farming company in China in terms of the number of beef cattle. AAG's beef cattle business revenue was US\$50.5 million and US\$25.0 million in 2021 and the six (6) months ended 30 June 2022, accounting for 9.7% and 9.0% of its total revenue, respectively, further diversifying its revenue sources.

AAG's business spans the key stages of the dairy farming value chain, including farm design and management, forage cultivation, in-house feed production, dairy cow breeding and raw milk production. Its success is attributed to the strengths of its integrated business model, including:

- breeding high quality dairy cows with excellent health condition;
- focusing on genetic improvement and biosecurity, with successful commercial application of genetic breeding technology;
- selection of strategic farm locations within optimal environmental parameters;
- extensive experience and track record in large-scale dairy farm operations;
- modern and scientific infrastructure and standardised farm management systems which are designed to maximise animal welfare, operational efficiency and milk quality;
- robust understanding and development of local forage supply with high standards on forage quality; and
- scientific development of feed formulation for optimal nutrition for cattle health and milk yield.

AAG believes that the replicability of its established business model will enable it to expand rapidly and to repeat its success as it continues to strategically build more large-scale dairy farms and beef cattle feedlots in selected regions in China.

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(d) Advanced breeding technology adopted to improve genetic traits and productivity

AAG started its genetic improvement programme in 2018 and was one of the pioneers in the commercial use of genetic breeding technology in China's dairy industry. AAG was among the first dairy farm operators in China to successfully implement IVF and embryo transfer technology in its dairy farms, according to Frost & Sullivan. As compared to the common industry practice of relying on imported frozen bovine semen, the adoption of IVF technology can significantly shorten generation interval, effectively increase pregnancy rates, optimise genetic traits and reproductivity of dairy cows.

On each dairy farm, AAG has a team of around 15 specialised technicians who are dedicated to breeding cows. In addition, its headquarters has a team of technical experts focused on implementing embryo transfer technology and providing guidance on breeding. As of 7 October 2022 (being the latest practicable date in the Application Proof), AAG has adopted IVF and embryo transfer technology in eight (8) dairy farms in Shandong and Inner Mongolia, representing 80% of its dairy farms. AAG has also transferred more than 12,950 IVF embryos and produced approximately 2,200 Holstein offspring⁷.

The breakthroughs in genetic technology enable AAG to increase productivity, lower disease and mortality rates, as well as lengthen the lifespans of the dairy cows and beef cattle, according to Frost & Sullivan. Significant improvements in genetic traits and productivity have been observed in the AAG Group's dairy cows.

(e) Strong and stable financial performance

AAG's revenue from continuing operations increased from US\$351.5 million in 2019 to US\$521.9 million in 2021, representing a CAGR of 21.9%, and increased by 15.4% from US\$241.2 million in the six (6) months ended 30 June 2021 to US\$278.3 million in the six (6) months ended 30 June 2022. Net profit from continuing operations increased from US\$74.6 million in 2019 to US\$104.6 million in 2021, representing a CAGR of 18.4%. EBITDA from continuing operations, a non-International Financing Reporting Standard measure, increased from US\$104.4 million in 2019 to US\$149.9 million in 2021, representing a CAGR of 19.8%. AAG also demonstrated resilient financial performance during the downturn in raw milk prices in 2017 and 2018, in which years all of its operating dairy farms (except one) reported net profits.

AAG believes that its ability to deliver profitable growth on a sustainable basis is supported by the following factors:

- ***Diversified revenue mix.*** By leveraging its integrated business model, AAG has been able to develop its beef cattle business as another source of revenue in addition to its raw milk business. Revenue from the beef cattle business increased from US\$22.2 million in 2019 to US\$50.5 million in 2021, representing a CAGR of 50.7%. In addition, it also sells its in-house branded dairy products under its own "AustAsia" brand, as part of its ancillary business. This diverse revenue mix allows the AAG Group to respond on a timely basis to changes in the supply-demand dynamics and enhances the resilience of its operations.

⁷ Not all the transferred IVF embryos can survive. The survival of IVF embryos depends on the health status of the recipient cows.

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- **Well-diversified customer base with higher average selling price.** AAG serves both leading national and regional dairy product manufacturers (including Mengniu, Bright Dairy, Meiji, Junlebao, New Hope Dairy, Jiabao and Classykiss), as well as rapidly-growing emerging dairy brands (such as Chi Forest and Honest Dairy). In 2021, its largest customer and top five (5) customers accounted for 27.4% and 65.7% of its total revenue from continuing operations, respectively, which are lower than the average of the other top five (5) peers of 76.5% and 85.7%, according to Frost & Sullivan. This enables it to not only command stronger bargaining power but also generate a higher average selling price. According to Frost & Sullivan, AAG's average selling price was higher than the average raw milk price of comparable listed industry peers, achieving a high growth at a CAGR of 8.4%. In 2019, 2020 and 2021, the average selling price of its raw milk product was RMB4,076/ton, RMB4,371/ton and RMB4,789/ton, which was 11.6%, 15.2%, and 11.5% higher than industry average, respectively, according to Frost & Sullivan. In the six (6) months ended 30 June 2021 and 2022, the average selling price of AAG's raw milk product was RMB4,723/ton and RMB4,664/ton, respectively.
- **Higher profitability.** Given AAG's in-depth farm management experience, it has achieved and consistently maintained industry-leading operational efficiency and enjoyed higher profitability. AAG's gross profit margin was 34.6%, 37.1%, 33.7% and 24.5%, net profit margin was 21.2%, 24.5%, 20.0% and 10.9%, while EBITDA margin, a non-International Financing Reporting Standard measure, was 29.7%, 32.2%, 28.7% and 20.8% and adjusted net profit margin, a non-International Financing Reporting Standard measure, was 21.5%, 25.7%, 23.1% and 14.8% in 2019, 2020, 2021 and the six (6) months ended 30 June 2022, respectively.

(f) Experienced management team with proven track record bolstered by strong shareholder support

Led by an experienced management team, AAG has successfully entered the dairy farming sector in China. Its Chief Executive Officer, Mr. Edgar Dowse Collins, has over 18 years of experience as an entrepreneur building vertically-integrated beef cattle and raw milk businesses and is one of the pioneers in the dairy farming sector. Its Chief Operating Officer, Mr. Yang Ku, has been in the dairy farm industry for more than 30 years and has extensive work experience and track record in managing large-scale commercial dairy farms in China. The majority of its senior management team have over 16 years of experience in the dairy industry and have been working together as a team at AAG for more than 12 years. With deep insight into China's dairy industry, AAG's management team is able to identify customer needs and quickly formulate business strategies to address customer needs and capture market opportunities, thereby promoting the development of China's dairy industry.

AAG continues to enjoy the shared resources and support of the Company through, *inter alia*, the Proposed Supply Agreement with Annona, which enjoys concessionary tax rates under the Global Trader Programme which is administered by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. Through such cooperation with Annona, AAG is able to procure raw materials on competitive terms as Annona can aggregate the Group's collective demand and negotiate in bulk, and also share in lower cost of trading through the savings from Annona's tax concessions under the Global Trader Programme. Such continued cooperation with the Group strengthens its competitive advantage in the dairy farming and beef cattle businesses. Its strategic investors, such as Meiji, Chi Forest, New Hope Dairy and Honest Dairy, are also its customers, serving as stable revenue sources supporting its long-term raw milk demand.

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3.4 Strategies of the AAG Group

AAG focuses on creating long-term value for its stakeholders in a responsible and sustainable way. To achieve its mission, AAG intends to pursue a comprehensive strategy focused on the following:

(a) Further expand its dairy farms and diversify its customer base

Driven by government policies, consumers' increasing health and nutrition awareness in China, the demand for dairy products has been rapidly increasing, stimulating growth for dairy and raw milk suppliers. In addition to ongoing expansion of its existing farms, AAG plans to add significant new capacity in the near term. AAG has commenced the construction of Pure Source Farm 3 in April 2022 and intends to commence the construction of Pure Source Farm 4 in April 2023. These farms are located in Shandong and will have capacity for 29,500 dairy cows in the aggregate. AAG is also in discussions with a third-party downstream milk producer which has a national brand in the infant milk formula market and the local government to establish new farm facilities in Inner Mongolia. By building and developing new dairy farms, AAG will also extend its reach to potential new customers around the new farm locations, and further diversify its customer base. With the expansion of its scale and reach, AAG aims to strengthen its position as a global leader in the dairy industry in China.

(b) Continue to develop its beef cattle business

With changes in nutritional awareness and consumption trends, China's consumers are showing an increasing preference for beef with a resultant emergence of beef orientated restaurants. As a result of China's steadily growing demand for beef, there is a shortage of sizeable and reliable high quality beef suppliers to fulfil the market's needs. AAG plans to further increase the beef cattle population of its existing beef cattle feedlots to full capacity and construct new beef cattle feedlots in Shandong when opportunities arise as part of the future expansion of its beef cattle business. AAG has formed partnerships with food service companies in China such as Zuo Ting You Yuan and premium beef processors. AAG plans to further expand and diversify its customer base in order to improve its reputation as a quality beef cattle supplier and to grow a resilient beef cattle business.

Its raw milk and beef cattle businesses work synergistically with each other. The experience, management systems and technologies developed from managing large-scale dairy farms and cow breeding can be transferred and applied to its beef cattle feedlots to enhance business growth. AAG also enjoys cost efficiencies through economies of scale and optimisation of resources such as land and its team of technical experts.

(c) Upstream integration through genetic breeding technology to further improve its operational efficiency

Animal breeds and genetics are a key foundation for dairy farming and beef farming operations. Breakthroughs in genetic technology can increase productivity, lower disease and mortality rates, as well as lengthen the lifespans of dairy cows and beef cattle. AAG plans to build core herd centres and expand the genetic improvement programme in its farms with embryo transfer technology, which can enhance milk and beef cattle yields. AAG plans to use genomic testing and in vitro embryo production technology to rapidly build a core herd of cattle with desired genes and genetic traits, thereby boosting its production capacity and accelerating the genetic improvement of its existing dairy cows and beef cattle. With the support of these new technologies, AAG expects that its farms will achieve higher operational efficiency, larger production capacity and enhanced product quality.

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(d) Build a sustainable business with minimal environmental impact

AAG is committed to building a sustainable business and operating model that minimises its impact on the environment. AAG has set medium to long term sustainability targets. AAG will continue to improve its operational efficiency such as average milk yield to reduce the greenhouse gas emission per ton of raw milk produced. Its continued emphasis on animal welfare will also enable it to raise healthier cows and cattle, which in turn increases productivity and efficient use of resources such as feed and water. AAG will continue to explore new technologies and build additional facilities that increase resource usage efficiency and waste management. It will also explore the use of green energy such as photovoltaic power generation to generate electricity for its production activities.

3.5 Management of the AAG Group

(a) Independence of AAG's Management Team and Operational Independence

AAG has had private equity investors since 2010, a year following its incorporation and pre-dating Japfa's initial public offering in 2014, and has always maintained an independent key management team. It will continue, after the Proposed Listing, to have its own board of directors and separate key management team from that of Japfa Animal Protein.

(b) Proposed Key Management and Board Composition of AAG

It is currently envisaged that the AAG Board will comprise a total of eight (8) directors, being four (4) executive directors, one (1) non-executive director and three (3) independent directors. This composition fulfils the listing requirements of the SEHK.

To facilitate effective management of the AAG Group, it is proposed for:

- (i) Mr Tan Yong Nang, Executive Director and Chief Executive Officer of the Company, who has been a director of AAG since 28 July 2010, and the Executive Chairman of AAG since April 2020 and who oversees the formulation of the AAG Group's corporate planning, strategic direction, business and corporate policies, to continue as the Executive Chairman of AAG;
- (ii) Mr Edgar Dowse Collins, who has been the Head of Dairy and who is responsible for the day-to-day operations of the AAG Group's dairy business since the incorporation of AAG in 2009, prior to Japfa's initial public offering in 2014, and Chief Executive Officer of AAG since April 2009, to continue as an Executive Director and the Chief Executive Officer of AAG;
- (iii) Mr Yang Ku, who has been the Head of Farms, and Chief Operating Officer of AAG since October 2015, and a Director of AAG since 5 August 2020, and who is responsible for the management and operations of dairy farms in the PRC, to continue as an Executive Director of AAG and the Chief Operating Officer of AAG;
- (iv) Ms Gao Lina, who has been a Director of AAG since 22 December 2021 and who is primarily responsible for the management of the AAG Group's external affairs and relationships, to continue as an Executive Director of AAG;

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- (v) Mr Chen Yuan, who has been the Chief Finance Officer of AAG since July 2021 and who is responsible for the financial and risk management, capital markets and investor relations of the AAG Group, to continue as the Chief Financial Officer; and
- (vi) the remaining senior management team to continue with their current positions and roles.

In order to mitigate any potential conflict of interests, no director or executive officer will hold executive roles in both Japfa Animal Protein and the AAG Group, save for Mr Tan Yong Nang, the Executive Director and Chief Executive Officer of Japfa who will also be the Executive Chairman of the AAG Group. Whilst he will not be involved in managing the day-to-day operations of the AAG Group, in his position as Executive Chairman, he will provide guidance to the management team of AAG on strategy and future plans.

The Nominating Committee has assessed and is satisfied that Mr Tan Yong Nang is not in a position of conflict of time or interest, as he will not be involved in managing the day-to-day operations of the AAG Group, which is managed by a separate and independent management team. Mr Tan Yong Nang, in his position as Executive Chairman of the AAG Group, will instead be involved in providing guidance to the key management team of AAG on strategy and future plans. Mr Tan Yong Nang will also abstain from voting on transactions between the Group and the AAG Group.

Having regard to the above and the duties of Mr Tan Yong Nang, the Nominating Committee is of the unanimous opinion that Mr Tan Yong Nang has discharged and will continue to discharge his duties to the Company well, and there would not be any conflicts of time and interest.

In addition to the foregoing, the Audit and Risk Committee has also established review procedures to ensure that the Proposed Supply Agreement and any other interested person transactions with the AAG Group, effective from the completion of the Proposed Distribution, are undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Under the review procedures, the interested person transaction terms and pricing are to be on an arm's length basis and on normal commercial terms. Please refer to Sections 10.3 and 10.8 of this Circular for further details on the basis of charging under the Proposed Supply Agreement and the procedures established by the Audit and Risk Committee.

As at the Latest Practicable Date, Mr Tan Yong Nang has a deemed interest in 99,963,060 Shares, representing 4.89% of the total number of issued Shares. Based on available information as at the Latest Practicable Date, following the completion of the Proposed Listing and the Proposed Distribution, Mr Tan Yong Nang is expected to hold AAG Shares which represents less than 5.0% of the total number of issued AAG Shares, which constitutes (i) AAG Shares to be issued to Mr Tan Yong Nang in settlement of AAG share awards on the Listing Date, (ii) AAG Shares to be issued to Mr Tan Yong Nang pursuant to the Proposed Distribution, and (iii) the entitlement of Mr Tan Yong Nang to receive AAG Shares pursuant to the vesting of the awards of shares granted to him under the AAG Performance Share Plan, subject to the vesting conditions of those awards.

To the best knowledge and belief of the Directors, as at the Latest Practicable Date, there will not be any changes to the Board and management team of the Company following the Proposed Listing.

Further details on the Board, the AAG Board and the management team of Japfa Animal Protein and the AAG Group are set out in Appendix 7.

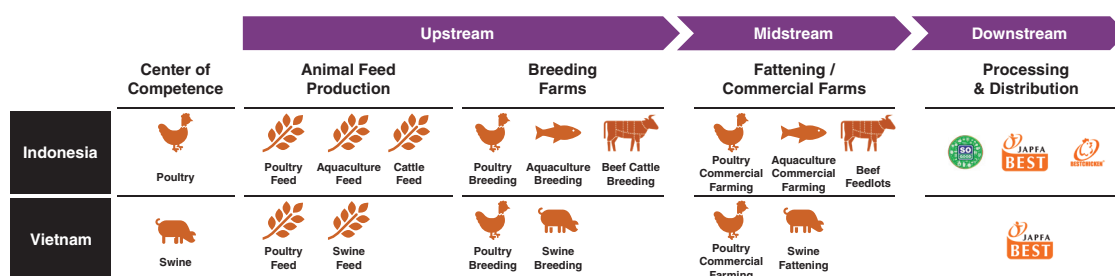
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Save as disclosed in this Circular, as at the Latest Practicable Date, there is operational and administrative independence of the AAG Group from Japfa Animal Protein, which are currently managed by separate key management, operational and accounting teams. The businesses and assets of the AAG Group and Japfa Animal Protein are also clearly differentiated with a segregation of their management, operational and financial aspects.

3.6 Overview of Japfa Animal Protein

Following the Proposed Listing and the Proposed Distribution, Japfa Animal Protein continues to focus on animal protein business in emerging Asia, specialising in producing protein staples and packaged food that nourish millions of people.

Over the years, Japfa Animal Protein has successfully grown to become leaders in multiple protein foods across multiple geographies. It produces animal proteins (poultry, pork, beef and aquaculture) in Indonesia, Vietnam, India, Myanmar and Bangladesh.



(a) Indonesia

Through its 55.4%-owned subsidiary, PT Japfa Tbk, Japfa Animal Protein produces specially formulated animal feed and animal proteins, namely poultry, aquaculture, and beef in Indonesia. It also produces and distributes protein-based processed food in Indonesia under brands that include *So Good*, *So Nice*, *Best Chicken*, *Japfa Prime Seafood*, *Ichi-No-Ji*, *Tokusen* and *Santori*. From FY2017 to FY2021, Japfa Animal Protein's revenue from Indonesia increased by 29.2% from US\$2.4 billion to US\$3.1 billion.

(b) Vietnam

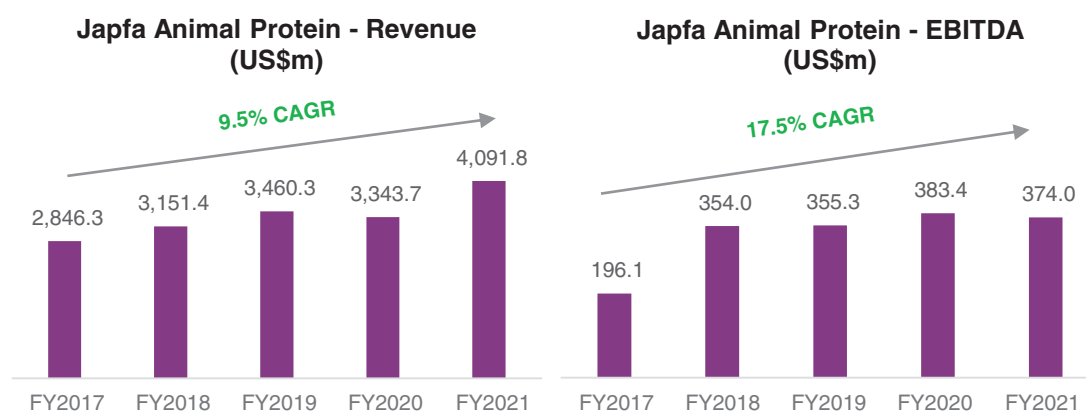
Through its wholly-owned subsidiary, Japfa Comfeed Vietnam Limited Company, Japfa Animal Protein produces poultry and swine feed for its own operations and for sale to third parties in Vietnam. Its poultry and swine operations in Vietnam are integrated from feed and breeding to commercial farming. Japfa Animal Protein also produces and distributes a variety of protein-based processed food in Vietnam under the *Japfa Best* brand. Japfa Animal Protein's revenue from Vietnam more than doubled from US\$294.7 million in FY2017 to US\$697.8 million in FY2021.

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(c) Others

Japfa Animal Protein operates integrated poultry operations in Myanmar and India, covering feed to Day-Old-Chicks production, and to commercial farming. It recently started operations in Bangladesh to produce poultry feed, mainly for sale to third parties. In aggregate, Japfa Animal Protein's revenue from these other markets increased 39.8% from US\$172.9 million in FY2017 to US\$241.7 million in FY2021.

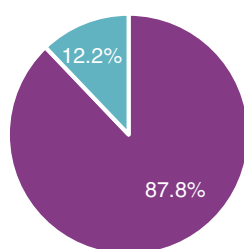
Following the Proposed Distribution, Japfa Animal Protein continues to have favourable long-term growth prospects. Japfa Animal Protein delivered healthy CAGR growth of 9.5% in revenue and 17.5% in EBITDA from FY2017 to FY2021.



Note: The EBITDA for FY2020 excludes an extraordinary net gain of US\$140.2 million from the sale of the Company's 80% stake in its subsidiary, Greenfields Dairy Singapore Pte. Ltd.

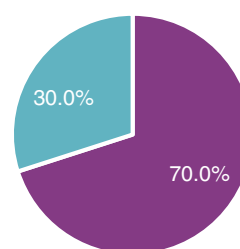
In FY2021, the revenue and EBITDA of Japfa Animal Protein accounted for 87.8% and 70.0% of Japfa's revenue and EBITDA, respectively. Following the Proposed Distribution, Japfa Animal Protein continues to benefit from economies of scale, as demonstrated by more than US\$4 billion of revenue generated in FY2021.

FY2021 Revenue breakdown



■ Japfa Animal Protein ■ AAG

FY2021 EBITDA breakdown



■ Japfa Animal Protein ■ AAG

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3.7 Competitive Strengths of Japfa Animal Protein

With more than 50 years of extensive experience in animal protein, Japfa Animal Protein has built a unique competitive edge in the animal protein industry and is well-positioned to capitalise on the future growth of the industry and play an integral role in shaping the animal protein industry in emerging Asia.

Japfa Animal Protein continues to entrench its leadership in animal protein in various countries it operates in. It is the second largest poultry feed and Day-Old-Chicks producer in Indonesia, with a market share of 21%⁸ and 25%⁸, respectively. It is also the second largest producer of Day-Old-Chicks in Vietnam, with a 20%⁹ market share. In Myanmar, Japfa Animal Protein has the largest market share in poultry feed of 27%⁹ and the second largest market share in Day-Old-Chicks production of 26%⁹.

Japfa Animal Protein's competitive advantage can be derived from the following:

- Integrated industrialised platform with economies of scale
- Diversification
- Staying at the forefront of technology

(a) Integrated industrialised platform with economies of scale

Japfa Animal Protein's business is vertically integrated across the entire value chain from upstream of feed manufacturing and breeding farms, to midstream of fattening farming, and to downstream of processing and distribution. An integrated business model offers Japfa Animal Protein the ability to industrialise its farm management system, optimise cost efficiency and provide product traceability.

Industrialised farm management system

Japfa Animal Protein has strong livestock farming expertise with more than 50 years' experience and prides itself in its ability to replicate its best practices and infrastructure design in farm management of a single protein type in a single country across different countries and protein types. Indonesia has been Japfa Animal Protein's "Centre of Competence" for its poultry operations. Japfa Animal Protein has since successfully replicated its business model of poultry operations in Vietnam, Myanmar and India, and established Vietnam as its "Centre of Competence" for swine operations by starting with a Great Grand Parent farm more than 10 years ago and has since successfully built up its swine breeding pyramid with more than 80,000 sows, including 2,000 Great Grand Parent sows. With its large-scale standardisation of operations to create efficiencies and facilitate replication, Japfa Animal Protein also benefits from economies of scale that allows it to produce quality products at lower costs, thereby driving its competitiveness and profitability.

Feed is a stable pillar of profitability

Feed is a stable pillar of profitability for vertically integrated animal protein businesses. Japfa Animal Protein's feed business benefits from the competitive advantage in economies of scale which translates to stronger bargaining power and wider geographical reach. The scale of the feed business allows it to be close to its farmer customers and to efficiently source for raw materials such as corn. Its feed sales volumes have exceeded 5 million tons in 2021. Cost-plus feed pricing methodology allows Japfa Animal Protein to pass on cost increases.

8 Frost and Sullivan, 2021 data.

9 Company's own estimates, 2021 data.

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Capture value throughout the value chain

The vertically integrated model allows Japfa Animal Protein to better control and capture value at different points in the value chain. This, in turn, provides Japfa Animal Protein with flexibility in pricing and reduces volatility in earnings and margins due to (i) greater pricing power that the midstream and downstream operations command; and (ii) reducing exposure to external factors such as commodity price fluctuations or supply-chain bottlenecks. The vertically integrated business also ensures that Japfa Animal Protein has sufficient genetic stock feeding the system, providing the capability to replenish breeding stock faster than its competitors.

For example, Japfa Animal Protein's poultry business in Indonesia is generally able to pass on raw material cost increases in its feed selling prices, as reflected in its feed operating margins even during the periods of Rupiah volatility and the poultry market downturn. In the context of reduced supply following the African Swine Fever outbreak in 2019, Japfa Animal Protein was able to increase its swine fattening market share.

Traceability

Controlling the entire value chain offers Japfa Animal Protein greater traceability, which is increasingly important in food supply chains, driving pricing in both its animal protein and consumer feed operations and allowing it to leverage on the high quality of the raw materials it produces to establish leading downstream consumer food brands, as consumers become more aware of health, safety and sustainability of food production.

(b) Diversification

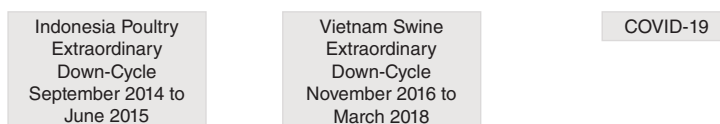
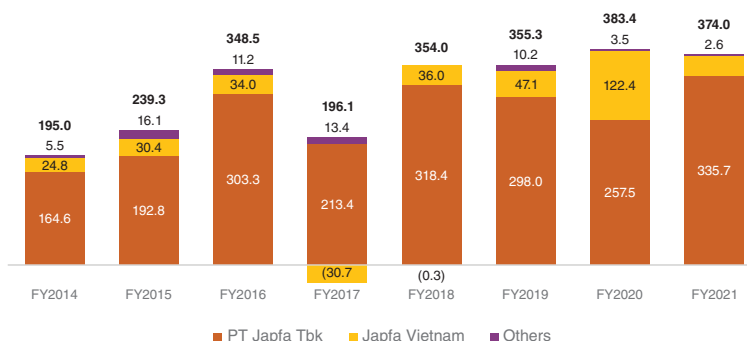
Japfa Animal Protein's leading agri-food businesses are located in Indonesia, Vietnam, Myanmar, India and Bangladesh, with products across four (4) protein groups in poultry, pork, beef and aquaculture, enabling it to cushion downcycles and supply chain disruptions to deliver long term sustainable earnings. Japfa Animal Protein continues to work towards being one of the lowest cost and most efficient producers in each respective country that it operates in through large-scale operations and use of technology to raise productivity.

Mitigate agri-business cyclicity

Japfa Animal Protein's diversification strategy across proteins and countries has enabled it to build a portfolio of uncorrelated revenue and profit streams to cushion major down-cycles in specific markets. Over the last decade, Japfa Animal Protein has gone through three (3) major down-cycles: (i) Indonesia poultry from September 2014 to June 2015; (ii) Vietnam swine from November 2016 to March 2018; and (iii) more recently, the COVID-19 pandemic in 2020 and 2021. As diversification enables Japfa Animal Protein to capture value from different markets, it managed to continue delivering healthy EBITDA and capture market share during these down-cycles.

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Japfa Animal Protein – EBITDA (US\$m)



Note: The EBITDA for FY2020 excludes an extraordinary net gain of US\$140.2 million from the sale of the Company's 80% stake in its subsidiary, Greenfields Dairy Singapore Pte. Ltd.

Produce locally to consume locally

Despite border closures impeding global food supply chains at the start of the COVID-19 pandemic in 2020, the effects on Japfa Animal Protein were minimised due to its diversification efforts with the aim of producing locally for local consumption. As it supplies staple protein foods largely to the domestic markets where they are produced, Japfa Animal Protein is able to weather market challenges brought by supply chain disruptions, thereby smoothening the operational and financial impact during such times.

(c) Staying at the forefront of technology

Japfa Animal Protein continuously innovates and improves its farming and processing techniques to achieve operational excellence and better serve its customers and other stakeholders. With its technical expertise, Japfa Animal Protein is able to grow its relationship with its customers in the marketplace by providing advanced technical support to farmers, assisting them to maximise their production yield and solve complex operational issues, which, in turn, translates to customer stickiness and higher sales volume. Japfa Animal Protein will continue to apply its farming knowledge and techniques in a precise manner, through adherence to stringent bio-security, advanced feed technology and high performance breeding.

Adherence to stringent bio-security

Japfa Animal Protein adopts best-in-class bio-security using stringent operating procedures that safeguards animal health. In addition, it has an in-house vaccine research and production company PT Vaksindo, allowing it to be at the forefront of shielding the animals from diseases and provide a healthy environment for animals.

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For example, in Vietnam, competitor farms with smaller operations and less adherence to bio-security best practices were adversely affected by the African Swine Fever outbreak in 2019. Japfa Animal Protein, however, was able to minimise the effects from the outbreak through leveraging its expertise in bio-security and grow its market share during that period due to its ability to execute strict isolation and focus on animal welfare by providing an environment that is safe and healthy for animal growth.

Advanced feed technology

Japfa Animal Protein is continuously working on improving the technical performance of feed to achieve feed efficiency and optimal growth of the animal, including the development of innovative nutritional solutions that contribute to good animal health and applying a scientific approach to feed. The animal feed produced by Japfa Animal Protein is free from antibiotic growth promoters and contains alternative substances such as enzymes, prebiotics, medium or short chain fatty acids, and essential oils that optimise growth.

Through attention to detail and comprehensive tests, Japfa Animal Protein prides itself in delivering a consistent level of feed quality while achieving cost efficiency, which allows it and its customers to achieve greater precision and predictability in their output. The feed business, being the backbone of its operation, continues to provide a stable pillar of profitability for Japfa Animal Protein.

High performance breeding

Japfa Animal Protein has strategic alliances with world-leading genetics companies such as Aviagen and Hypor to breed high performance parent livestock that is optimised for the tropical environment in emerging Asia and consumer preferences. The access to superior-quality breeding reinforces the quality of Japfa Animal Protein's products and high yields of its production process.

3.8 Strategies and Growth Drivers of Japfa Animal Protein

Following the Proposed Distribution, Japfa Animal Protein remains a significant business with 2021 revenue reaching over US\$4 billion, EBITDA of US\$374 million and a track record of strong financial performance with revenue and EBITDA growing at a CAGR of 9.5% and 17.5% respectively from 2017 to 2021. In 2021, Japfa Animal Protein accounted for 87.8% and 70.0% of Japfa's revenue and EBITDA, respectively.

Japfa Animal Protein remains confident in its long-term outlook as it has a solid foundation for future growth, based on its competitive strengths and the prospects for protein consumption in emerging Asia.

(a) Sharpening its Value Chain

Japfa Animal Protein plans to capture the full potential of its vertically integrated business model by sharpening its focus along the value chain. In its Feed operations, Japfa Animal Protein will leverage its strength and scale in animal feed, providing a strong base of consistent profitability.

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In its Farming operations, Japfa Animal Protein has established centres of competence for poultry in Indonesia and swine in Vietnam, and continuously increases the efficiency of its breeding and farming operations, while also working towards adding aquaculture as a new centre of competence.

In its Downstream operations, Japfa Animal Protein will aim to create value and reduce volatility by fully exploiting downstream opportunities via expansion into the business-to-business and business-to-consumer markets. This strategy complements Japfa Animal Protein's existing emphasis of "producing locally to consume locally", with the downstream operations being a natural fit alongside its upstream and midstream operations, allowing for greater end-to-end capabilities and a clearer overview of the entire value chain. Accordingly, in 2020, Japfa Animal Protein acquired PT So Good Food (downstream branded consumer products) to bolster its existing upstream and midstream Indonesian poultry businesses.

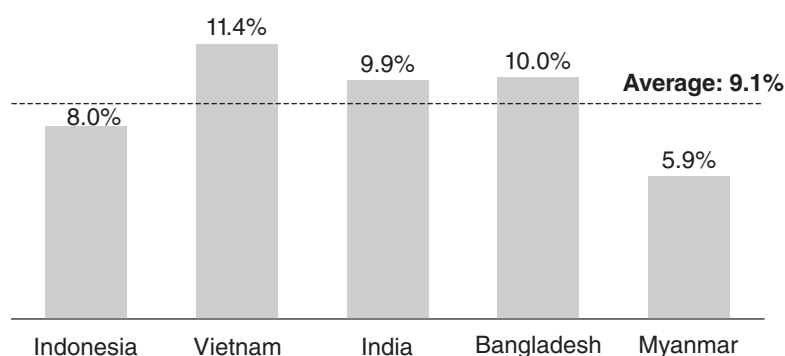
(b) Driving Growth

Japfa Animal Protein has multiple growth levers to tap on, including the following:

(i) ***Rising animal protein consumption in emerging Asia a secular growth driver***

Japfa Animal Protein is well positioned to tap on the growth in animal protein consumption in its key markets in emerging Asia (Indonesia, Vietnam, India, Myanmar and Bangladesh), where GDP growth is expected to be an average of 9.1% per annum over 2021 to 2026¹⁰.

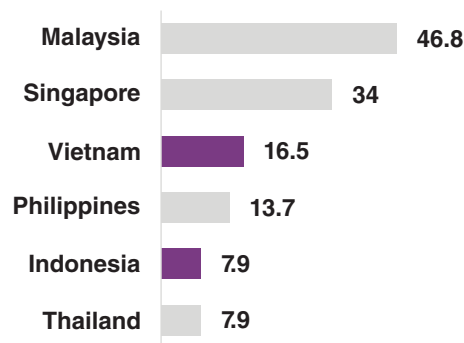
GDP growth forecast in key markets, 2021-2026 CAGR



¹⁰ Source: IMF World Economic Outlook Database (April 2022 version), GDP in USD terms, data extracted on 7 October 2022.

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Poultry meat consumption (kg per capita – 2019/2020E)¹¹



Animal protein consumption per capita remains at low levels in these markets, signifying potential for growth and corresponding in part to their relatively low GDP per capita figures. As GDP per capita rises, consumer preferences are likely to evolve towards consuming more meat-based proteins as opposed to the currently carbohydrate-heavy diets, driving demand for Japfa Animal Protein's animal protein products.

(ii) ***Riding on country-specific growth trends***

Japfa Animal Protein intends to leverage its experience operating in its four (4) core markets to identify country-specific trends and expand capacity strategically and opportunistically. For example, there is a sizeable opportunity in the swine business in Vietnam, where pork consumption levels are the second highest in Asia after China¹². In Indonesia, poultry is seen as a “meat of choice” within the region given its relative affordability, religious neutrality, and the popularity of quick service restaurants that predominantly serve poultry. Japfa Animal Protein will build on its proven track record as a quality producer of animal proteins to tap on the expected growth in these geographies.

(iii) ***Growth via strategic replication of Japfa Animal Protein's industrialised business model***

Japfa Animal Protein will pursue its growth ambitions by replicating its industrialised business model across protein groups and geographies strategically. In doing so, it intends to leverage its strong expertise in livestock farming and its “total solution” model for farmers, which drives growth in feed volumes, as well as its competitive strength in animal health and biosecurity as key competitive advantages to build leading positions in each market and/or protein segment.

With a successful track record in Indonesia for the poultry business, and in Vietnam for the swine business, Japfa Animal Protein has developed, refined, and proven its blueprint for building successful animal protein businesses. This was recently demonstrated with the Group's success in the Chinese dairy market through AAG.

¹¹ Frost & Sullivan Estimates, 2021.

¹² Source: USDA Foreign Agricultural Service, Vietnam, Grain and Feed Annual, 2017.

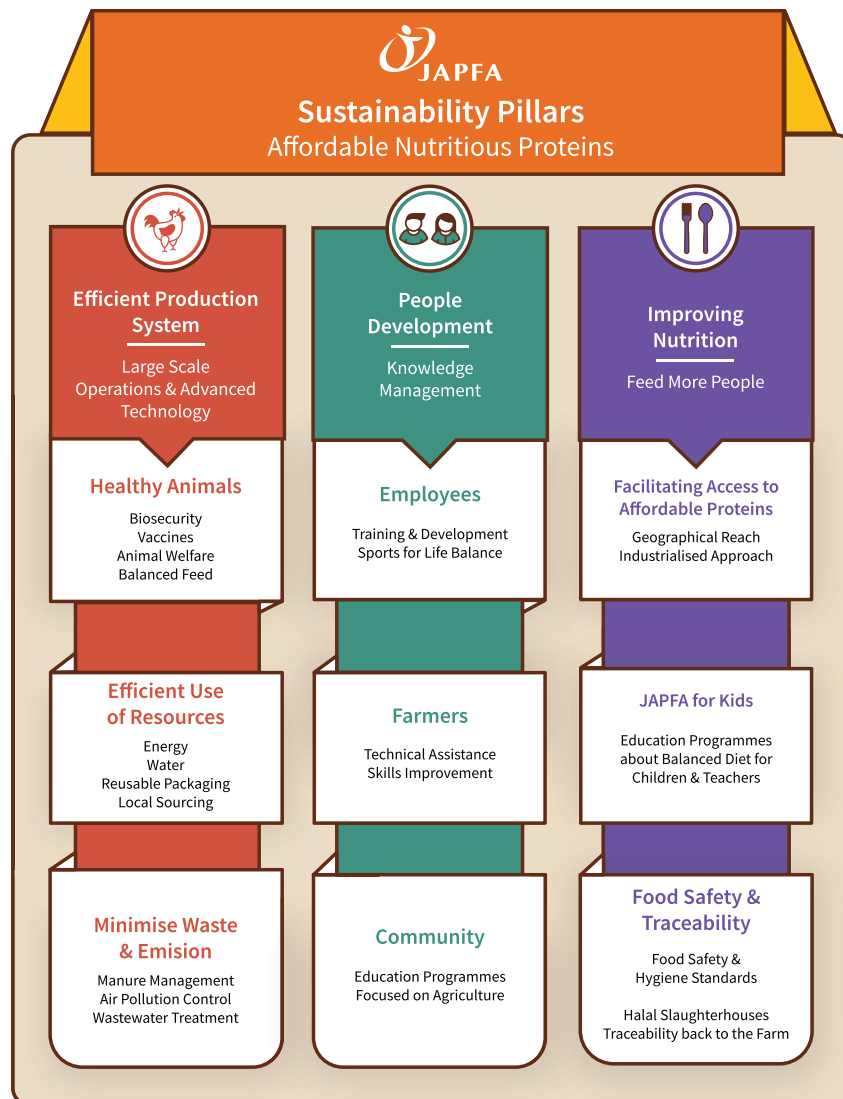
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(iv) **Digital transformation**

Japfa Animal Protein continues to embrace digital transformation with a strong information technology/enterprise resource planning foundation, as well as enhancing data capabilities to stay competitive. This will involve integrating digital technologies in farm and production management to drive efficiencies and productivity. With timely and accurate data and advanced analytics, production teams can make informed decisions to enhance efficiency and improve productivity. This will position Japfa Animal Protein strongly in the digital future and enable Japfa Animal Protein to scale up business operations in a sustainable and efficient way as it continues to grow and open up new opportunities.

(c) Continuing to Deliver on Sustainability

Japfa Animal Protein has established strong sustainability pillars which aim to continuously review and improve its efforts to feed emerging Asia, while nurturing sustainable, growth-orientated relationships with stakeholders.



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- ***Efficient production systems: Enabling optimal use of resources while also prioritising animal health and managing waste responsibly***

Japfa Animal Protein is continuously improving the efficiency of its production system and the effectiveness of its sustainability efforts, and has achieved an efficient production system with the following principles in mind:

- Prioritise animal health through biosecurity, vaccination, animal welfare and balanced feed
- Efficient use of resources including energy, water, reusable packaging and local sourcing
- Manage waste responsibly

- ***People development: Encompassing a focus on employee well-being, as well as use of training programmes to upskill both employees and contract farmers***

Japfa Animal Protein applies stringent health protocols throughout its operations as health and safety of employees is its priority. It has also created development programmes which are delivered online to grow and enhance the capabilities of employees.

The well-being of contract farmers is a priority of Japfa Animal Protein. Throughout the years, Japfa Animal Protein has been supporting its farmers through technical assistance to promote animal welfare and the adoption of good farming practices. These initiatives have contributed to better well-being of its stakeholders and stronger relationships.

- ***Improving nutrition: Facilitating access to safe, nutritious and affordable foods and implementing development programmes to help local communities maximise their potential***

With the COVID-19 pandemic causing supply chain disruptions globally, Japfa Animal Protein's strategy of domestic production and industrialisation has mitigated supply chain issues and allowed it to continue providing affordable and nutritious proteins to millions of people in emerging Asia affordably. Furthermore, Japfa Animal Protein has developed community development programmes focusing on building a healthy society by advocating healthy living, as well as activities to help local communities maximise their potential, such as supporting the agriculture education through Edufarmers Foundation, so that they can improve their economic and social conditions.

As part of Japfa Animal Protein's efforts to boost local sourcing, raw materials are also increasingly being sourced locally. In FY2021, Japfa Animal Protein has achieved the following:

- Indonesia: Corn is 100% locally sourced
 - o 62% local supplies for poultry feed
 - o 55% local supplies for aquafeed

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- Vietnam: Escalating the production of coloured birds from local breed, a native breed that is part of the country's culture as well as one of the prominent sources of protein in Vietnam's rural areas
- Myanmar: Using local full-fat soya, distilled dried grains with soluble and peanut cake
- India: Utilising local ingredients such as rapeseed and meat bone meal as substitutes for soybean meal

Key Sustainability Achievements

In an effort to embed sustainability within the organisation, Japfa Animal Protein had embarked on socialisation programmes with senior management as well as identified Sustainability Champions across all levels and functions. Japfa Animal Protein is the first vertically integrated poultry producer in Indonesia to formally conduct a life cycle assessment by engaging an independent technical expert to measure and improve the potential environmental impact of its product throughout the supply chain. Life cycle assessment is a robust methodology based on ISO 14040/44:2006 to quantify the inputs and outputs of the Group's product system and its potential lifecycle environmental impact.

This formed the basis of the Japfa Animal Protein's Sustainability-Linked Financing Framework and helped to establish Sustainability Performance Targets resulting in the inaugural issue of the Sustainability-Linked Bond in March 2021. These Sustainability Performance Targets will ultimately improve water circularity and reduce water withdrawal and were assessed as "Robust" in an independent Second Party Opinion from Vigeo Eiris.

With this financing framework and Sustainability Performance Targets, PT Japfa Tbk issued a US\$350 million five (5)-year senior unsecured Sustainability-Linked Bond due in 2026. This was a milestone transaction as it marked the first USD Sustainability-Linked Bond in Southeast Asia and the first Sustainability-Linked Bond from Indonesia.

Japfa Animal Protein also participated as a road tester in the Social Life Cycle Assessment Project initiated by the United Nations Environment Programme Life Cycle Initiative and Social LC Alliance to assess and improve the social impact of its farmer partnership programme. The Social Life Cycle Assessment report was published by the United Nations in Brussels in December 2021. Social Life Cycle Assessment is a technique to assess the social impacts of products and organisations from raw material extraction to final disposal. Japfa Animal Protein is the only company globally that represented the food and agricultural sector and the only company representing Southeast Asia that participated in this Social Life Cycle Assessment project.

The assessment showed that Japfa Animal Protein's social performance towards various stakeholders was in compliance with applicable regulations and/or relevant standard operating procedures for the poultry industry, including indication of progress beyond compliance for the same stakeholders. Through the assessment, Japfa Animal Protein can identify areas of focus to further enhance its social performance.

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3.9 *Pro forma* financial information of Japfa Animal Protein

The *pro forma* unaudited consolidated income statement and balance sheet of Japfa Animal Protein for FY2021 and 6M2022 are set out in Appendix 6.

3.10 Rationale for the Proposed Listing and the Proposed Distribution

The Group intends to undertake the Proposed Listing and the Proposed Distribution as the Directors believe that it will benefit the Group and the Shareholders for the reasons outlined below:

(a) Creates Two Leading, Asian-focused Businesses in Animal Proteins and Dairy

The businesses of Japfa Animal Protein could be clearly differentiated from those of the AAG Group both in business and geography. Japfa Animal Protein consists of its core animal protein businesses in Indonesia, conducted through PT Japfa Tbk, and in Vietnam, Myanmar, India and Bangladesh, where these entities, *inter alia*, undertake poultry, swine, beef and aquaculture feed manufacturing, breeding and commercial farming, as well as processing and distribution.

On the other hand, the AAG Group will continue with its dairy farming business, raw milk production and beef cattle operations in China. The Chinese dairy industry is undergoing a dynamic phase. The demand for quality and healthy dairy products has grown substantially and is expected to further expand in the coming years, as Chinese consumers are increasingly interested in the nutritional benefits of milk and dairy products. As the leading independent raw milk producer, AAG is well positioned to capture this growth on the back of its advanced farm management techniques and strong expertise in quality raw milk production, along with the commitment to grow its dairy farming capacity with the recent acquisition on 30 June 2021 of two (2) dairy farms in Shandong with a combined capacity of 16,000 heads.

The Proposed Distribution will segregate the principal activities, business strategies and future plans of the AAG Group from Japfa Animal Protein and will enable the management and boards of each entity to fully concentrate on their respective core business and oversee their strategies and operations more effectively. In addition, the Proposed Distribution will enable Japfa to better focus its financial resources on the businesses of Japfa Animal Protein without the need to plan for AAG's funding requirements and tap the potential for animal protein consumption in its markets across emerging Asia, which together account for approximately 2.0 billion people¹³.

As the AAG Group had always maintained an independent management team, there will be no changes in the business, continuity of management and operational control of Japfa Animal Protein. Each of the management teams of Japfa Animal Protein and the AAG Group will be able to fully direct their efforts into growing and developing the animal protein businesses and the dairy farming businesses, respectively.

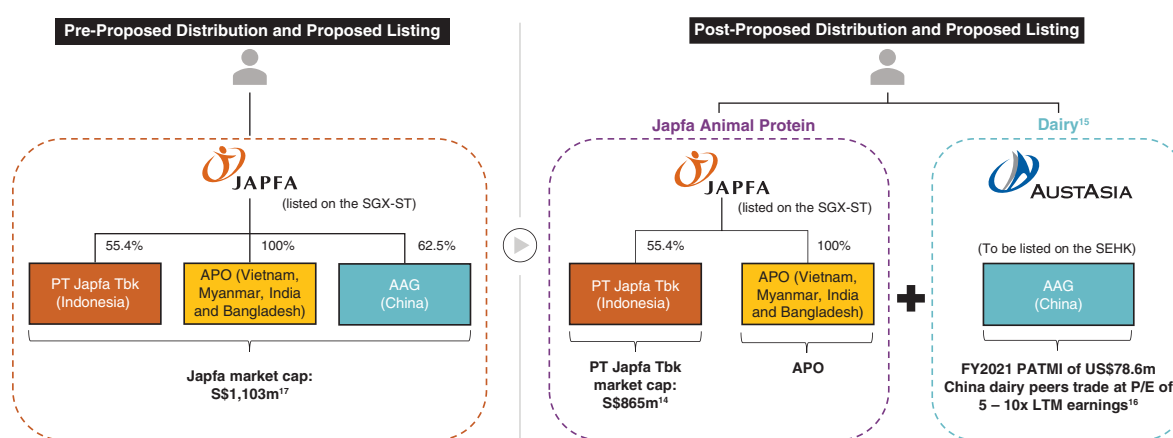
¹³ World Bank population data, data extracted on 7 October 2022. Countries include Indonesia, Vietnam, India, Myanmar, and Bangladesh.

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(b) Unlocks Value for Shareholders

The Proposed Distribution will facilitate an unlocking of Shareholder value by providing (i) greater clarity of Japfa Animal Protein's animal protein business in emerging Asia; and (ii) Shareholders with an opportunity to have direct ownership of AAG Shares which will be separately listed.

This would (a) create a clearer investment proposition of each operating group with its own strategy and focus; (b) facilitate ease of comparison with respective peers; (c) increase the appeal to different investor groups which allows both businesses to be assessed and valued more distinctly based on their own merits and risks; and (d) potentially lead to a re-rating of Japfa's equity value.



Purely for illustrative purposes only, the diagram above shows that after the Proposed Distribution and the Proposed Listing, a Shareholder will own:

- (i) Shares in the Company, which holds a 55.4% stake in PT Japfa Tbk, valued at approximately S\$865 million as at 7 October 2022¹⁴, as well as Japfa APO which operates in Vietnam, India, Myanmar and Bangladesh; and
- (ii) AAG Shares (in proportion to the Shares held by Entitled Shareholders as at the Record Date, fractional entitlements (where applicable) to be disregarded) which will be listed and traded on the SEHK where listed dairy peers are trading between 5 times and 10 times of the last 12-month price-to-earnings ratio¹⁶.

This compares against the Company's market capitalisation of S\$1,103 million¹⁷, as at 7 October 2022.

14 Source: Bloomberg and the Company's announcement on SGX-ST dated 9 September 2022. Market capitalisation is computed on the closing price of PT Japfa Tbk as of 7 October 2022 of IDR1,420 per share multiplied by the Company's ownership of 6,500,176,516 shares in PT Japfa Tbk, translated into SGD at an exchange rate of 10,676.89 SGD/IDR. 55.4% interest in PT Japfa Tbk is based on the total shares issued in PT Japfa Tbk, including treasury shares, based on the Company's announcement on SGX-ST dated 9 September 2022.

15 AAG Shares in proportion to Shares held by Entitled Shareholders as at the Record Date.

16 Source: Capital IQ, as of 7 October 2022. Chinese dairy peers include China Modern Dairy, China Youran Dairy and China Shengmu Organic Milk.

17 Source: Bloomberg. Based on the market capitalisation of the Company as of 7 October 2022.

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For the avoidance of doubt, the diagram above is not a representation of AAG's value at the Proposed Listing or its share price performance after its Proposed Listing on the SEHK, nor of Japfa's future share price performance. The eventual valuation will be dependent on prevailing market conditions. Shareholders are advised to consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser if they are in doubt about the actions to be taken with respect to their holdings in Japfa, and if the Proposed Listing and the Proposed Distribution are consummated, in AAG.

The Proposed Distribution also provides the opportunity to attract new investors seeking to invest in a more focused business model in either or both of Japfa Animal Protein's animal protein business in emerging Asia and/or AAG's dairy business in China. This is expected to result in access to a wider, deeper and more diverse investor base than the current Japfa Group.

(c) Creates Investment Flexibility

The Group proposes to undertake the Proposed Distribution by way of a distribution *in specie* of its shareholding interest in AAG, to the Entitled Shareholders of the Group such that Entitled Shareholders would have direct ownership of AAG Shares.

Shareholders will have the flexibility to deal with the AAG Shares independently of their Shares, and benefit from the direct holdings of two (2) distinct and separately listed entities in different equity markets, without any additional cash outlay. Entitled Shareholders will have the discretion and flexibility to separately decide on their holdings of Japfa Animal Protein and AAG in accordance with their individual investment objectives. They will have the option to either sell AAG Shares on the open market after completion of the Proposed Listing and the Proposed Distribution or retain the distributed AAG Shares.

In addition, Shareholders will be able to directly participate in the growth of and influence the future directions of Japfa Animal Protein and AAG separately and benefit directly from any individual future corporate actions and exercises of these two (2) companies (for example, dividends, bonus issues, rights issues, mergers and/or acquisitions).

(d) Creates Trading Liquidity in AAG after its listing on the SEHK

With the addition of Entitled Shareholders as shareholders of AAG and the issuance of new AAG Shares to institutional investors and the public in Hong Kong, it is expected that there would be an increase in AAG's public float, which would help improve the trading liquidity of the AAG Shares.

(e) Allows AAG to establish financial independence and provides it with direct access to the capital markets

Following the Proposed Listing and the Proposed Distribution, both Japfa Animal Protein and the AAG Group will have greater (i) operational flexibility to develop their respective business plans; and (ii) financial headroom to strengthen their balance sheets, enhance their credit profile and optimise their capital structures to capture growth opportunities specific to their own industry and geographies where there are minimal overlaps between the two (2) businesses.

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As AAG's business is capital intensive and its ability to grow and develop depends largely on capital spending, AAG will be better able to independently and directly access capital markets as a separately listed entity to fund its existing operations and future business expansion plans, while Japfa will be able to focus its financial support towards other parts of the Group, as needed.

4. THE PROPOSED DISTRIBUTION

4.1 Details of the Proposed Distribution

The Company intends to undertake the Proposed Distribution by way of the Capital Reduction pursuant to Section 78G read with Section 78I of the Companies Act.

As of the Latest Practicable Date, the Company's cost of investment in AAG is approximately US\$555.44 million and the aggregate amount of the Existing Shareholder's Loans is approximately US\$25.54 million. The Company intends to effect the Loan Capitalisation prior to the Proposed Distribution and in return receive such number of Capitalised AAG Shares issued to it based on the price per AAG Share at the IPO.

As such, the Capital Reduction will be effected by reducing the Company's issued and paid-up capital by approximately US\$580.98 million, based on the Company's cost of investment in AAG and the Loan Capitalisation, but there will not be any cancellation of Shares or reduction in the number of issued Shares. Accordingly, the number of Shares in the Company held by each Shareholder will remain the same before and immediately after the Capital Reduction.

In this regard, the Company intends to effect a distribution *in specie* of the Existing AAG Shares and the Capitalised AAG Shares, to Entitled Shareholders in proportion to their respective shareholdings in the Company as at the Record Date, fractional entitlements (where applicable) to be disregarded, by way of Capital Reduction, which will be effected by reducing the Company's issued and paid-up capital by approximately US\$580.98 million (being the sum of approximately US\$555.44 million based on the Company's cost of investment in AAG and the aggregate amount of approximately US\$25.54 million pursuant to the Loan Capitalisation). The Company is also seeking the approval of Shareholders for it to distribute the Capitalised AAG Shares by way of a dividend *in specie*, if required, as the Directors may decide in their sole discretion.

4.2 Illustration

The Company intends to distribute the Existing AAG Shares and the Capitalised AAG Shares to the Entitled Shareholders on a *pro rata* basis. The number of Capitalised AAG Shares to be received and held by the Company will be determined as follows:

$$\text{Number of Capitalised AAG Shares to be received and held by the Company} = \frac{\text{Approximately US\$25.54 million}}{\text{Price per AAG Share at IPO}}$$

While it is currently expected that Entitled Shareholders will receive one (1) AAG Share for every five (5) Shares held as at the Record Date, the actual distribution ratio will be fixed by the Company on or around the Record Date and will be determined based on, amongst others, the number of Shares in issue as at the Record Date, the number of the Existing AAG Shares, the number of the Capitalised AAG Shares, the Proposed Share Split and the price per AAG Share as at the IPO. Where possible, the Company will, in considering the final distribution ratio, look to minimise the odd number of AAG Shares each Entitled Shareholder receives in respect of a full board lot of AAG Shares. This may result in the Company continuing to hold a number of AAG Shares as at the Listing Date.

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For illustrative purposes only, on the basis that the Entitled Shareholders receive one (1) AAG Share for every five (5) Shares held as at the Record Date, the position of an Entitled Shareholder who holds 1,000 fully paid-up Shares as at the Record Date will be as follows:

Position before the Proposed Distribution	Entitled Shareholder
Number of Shares held as at the Record Date	1,000
Position immediately after the Proposed Distribution	
AAG Shares received per 1,000 Shares held	200
Number of Shares held after the Proposed Distribution	1,000

The AAG Shares are expected to be traded in board lots of 1,000 AAG Shares each on the SEHK, and the distribution ratio may result in odd-lot trading. **Shareholders should note that as fractional entitlements (where applicable) will be disregarded, any Shareholder who holds a fraction of one (1) AAG Share will NOT receive any interest in that AAG Share and will not be entitled to make any claim whatsoever against the Company or any other person in connection therewith.**

The Company will announce the number of AAG Shares to be distributed for each Share held by Entitled Shareholders pursuant to the Proposed Distribution as soon as practicable, on or around the Record Date.

4.3 Shareholders' Entitlements under the Proposed Distribution

Shareholders holding Shares as at 5.00 p.m. on the Record Date (which is expected to be one (1) Market Day prior to the Listing Date) will be entitled to AAG Shares under the Proposed Distribution.

The Proposed Distribution will be effected on the Effective Date (which is expected to be as soon as practicable after 8.00 a.m. on the Listing Date but prior to the Proposed Listing) by way of a *pro rata* distribution *in specie* of AAG Shares to the Entitled Shareholders as at the Record Date. The number of AAG Shares to be received by each Entitled Shareholder will depend on the total number of issued Shares held by the Entitled Shareholder as at the Record Date.

The despatch of the Election Notice and Sale Election Notice will be after the Listing Date.

4.4 No Payment Required

Entitled Shareholders will receive their AAG Shares as a result of the Capital Reduction and, if applicable, a dividend *in specie*, and accordingly, do not need to pay any purchase consideration for the Proposed Distribution.

4.5 Effects of the Proposed Distribution

(a) Entitled Shareholders will replace the Company as shareholders of AAG

Following the completion of the Proposed Distribution if effected, AAG will cease to be a subsidiary of the Company. The Company will only be holding (i) the AAG Shares for the benefit of the Entitled Shareholders (pending the election to be made by the

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Entitled Shareholders, as described in Section 6.6 of this Circular); and (ii) such number of AAG Shares which the Company may continue to hold as a result of the distribution ratio and any fractional entitlements.

In relation to any AAG Shares that the Company may continue to hold as at the Listing Date as a result of the distribution ratio, such AAG Shares may, if required by the SEHK, be subject to lock-up requirements for a period of six (6) months from the Listing Date, or such other requirements as may be stipulated by the SEHK. Further details of any such requirements will be set out in the Listing Document.

(b) Reduction of the total equity of the Company upon completion of the Proposed Distribution

The Proposed Distribution by the Company of its shareholding in AAG to the Entitled Shareholders will result in the reduction of the total equity of the Company, based on the Company's cost of investment in AAG and the Loan Capitalisation.

The Proposed Distribution will be measured at fair value and any gain or loss will be recognised on the date of distribution. Whilst any gain or loss will be recognised on the date of distribution, the total reduction in the Company's equity upon completion of the Proposed Distribution will remain equal to the Company's cost of investment in AAG and the Loan Capitalisation of approximately US\$580.98 million (being the sum of approximately US\$555.44 million based on the Company's cost of investment in AAG and the aggregate amount of approximately US\$25.54 million pursuant to the Loan Capitalisation).

As the Proposed Distribution will be effected by the Capital Reduction and if applicable, a dividend *in specie*, no payment or other form of consideration will be required from Entitled Shareholders for the Proposed Distribution. For the avoidance of doubt, the entitlements of Entitled Shareholders under the Proposed Distribution will not differ if the distribution of the Capitalised AAG Shares is effected by way of Capital Reduction or a dividend *in specie*. The AAG Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the Effective Date.

(c) No change in number of Shares

For the avoidance of doubt, the Proposed Distribution will not result in any change in the number of Shares held by any Shareholder. Each Shareholder will hold the same number of Shares before and immediately after the Proposed Distribution.

(d) The financial value of AAG and Japfa Animal Protein

AAG is currently a principal subsidiary of the Company and the holding company of its dairy farming business. Please refer to Appendix 3 of this Circular, which sets out the selected historical financial information of the Group, the AAG Group and Japfa Animal Protein for FY2019, FY2020, FY2021 and 6M2022, including the financial information of the AAG Group as a percentage of the Japfa Group. Please also refer to Section 8 of this Circular, which illustrates the *pro forma* financial effects of the Proposed Distribution on the share capital, NTA, EPS and gearing of Japfa Animal Protein, which has been prepared based on the audited consolidated financial statements of the Group for FY2021.

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4.6 Material Conditions for the Proposed Distribution

The Proposed Distribution and the completion thereof is subject to, *inter alia*:

- (a) the approval of Shareholders, by way of a special resolution, for the Proposed Distribution being obtained at the EGM to be convened;
- (b) the approval of the Court for the Capital Reduction and the lodgement of the Order of Court with ACRA within 90 days beginning with the date the Order of Court is made, or within such longer period as ACRA may, on application of the Company and on receiving the prescribed fee, allow;
- (c) the SEHK Approval being granted and the underwriting agreements for the Proposed Listing becoming unconditional; and
- (d) such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable in connection with the Proposed Listing and the Proposed Distribution, and if such approvals are given subject to any conditions, such conditions being acceptable to AAG and/or the Company.

Shareholders should note that the Proposed Distribution will only be effective upon the lodgement of a copy of the Order of Court approving the Capital Reduction with ACRA within 90 days beginning with the date the Order of Court is made or within such longer period as ACRA may allow. Notwithstanding the prescribed 90-day period, the Company may apply to ACRA after obtaining the Order of Court to seek an extension of time to lodge the Order of Court. Shareholders should note that there is no assurance that an extension will be granted by ACRA, and in such event, the Order of Court cannot be lodged within the prescribed period which is a prerequisite for the Proposed Distribution to become effective.

In addition, regardless of whether the SEHK Approval is granted or not, if the Board is of the view that it would not be in the best interests of the Company to effect the Proposed Distribution (for example, due to the then prevailing market or economic conditions or for any other reasons, including if the Proposed Listing does not proceed), the Board may decide not to lodge a copy of the Order of Court approving the Capital Reduction with ACRA and will make an announcement to that effect and take all necessary steps and action to terminate the Proposed Distribution exercise.

5. UNDERTAKING

To demonstrate their confidence in the Proposed Listing and the Proposed Distribution and their commitment and support to the Company, the Undertaking Shareholders (being Rangi Management Limited, Tasburgh Limited and Morze International Limited holding 51.98%, 5.22% and 15.21% of the total number of issued Shares as at the Latest Practicable Date, respectively) have executed deeds of undertaking each dated 14 October 2022, pursuant to which they have irrevocably undertaken to (a) vote in favour of the Proposed Distribution; and (b) elect to receive AAG Shares under the Proposed Distribution.

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6. ADMINISTRATIVE PROCEDURES FOR THE PROPOSED DISTRIBUTION

6.1 Record Date

Entitled Shareholders will be considered for purposes of the Proposed Distribution, on the basis of such number of Shares registered in their names or standing to the credit of their Securities Accounts as at the Record Date. Entitled Shareholders will receive AAG Shares *pro rata* to the Shares held by them as at the Record Date, based on a distribution ratio to be fixed by the Company on or around the Record Date, and will each be deemed to be beneficially interested in the AAG Shares on the Effective Date.

The Record Date is expected to be at 5.00 p.m. on the Market Day immediately prior to the Listing Date, and the despatch of Election Notice and Sale Election Notice and the Expected Date of Despatch or Availability of Certificates will be after the Listing Date.

Subject to the satisfaction of the conditions set out in Section 4.6 of this Circular, the Company will make further announcements in due course as soon as reasonably practicable to notify Shareholders of:

- (a) the last date of “cum” trading of the Shares on the SGX-ST for the Proposed Distribution;
- (b) the date and time of commencement of “ex” trading of the Shares on the SGX-ST for the Proposed Distribution;
- (c) the Record Date;
- (d) the Effective Date;
- (e) the date of despatch of the Election Notice and Sale Election Notice; and
- (f) the Expected Date of Despatch or Availability of Certificates.

6.2 Shareholders (being Depositors) whose Shares are deposited with CDP

In the case of Shareholders (being Depositors), entitlements to the AAG Shares will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Record Date.

6.3 Scrip Shareholders whose Shares are not deposited with CDP

In the case of Scrip Shareholders, entitlements to the AAG Shares will be determined on the basis of their holdings of Shares appearing in the Register of Members as at the Record Date.

6.4 SRS Investors

In the case of SRS Investors, entitlements to the AAG Shares will be determined on the basis of the number of Shares held by the respective SRS Approved Banks on behalf of each such SRS Investor as at the Record Date.

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SRS Investors will receive their entitlements to the AAG Shares through the Nominated SRS Broker to be appointed by the Company to facilitate the receipt of entitlements to the AAG Shares by SRS Investors under the Proposed Distribution. SRS Investors who wish to custodise and trade in AAG Shares on the SEHK after the Proposed Listing may do so by opening a trading account with the Nominated SRS Broker, otherwise the new AAG Shares issued will be transferred to and held in trust by the respective SRS Approved Banks whom the SRS Investors have trading accounts with.

Further detailed information of the arrangements made for SRS Investors will be contained in the Election Notice and the Sale Election Notice to be despatched to Entitled Shareholders (other than the Overseas Shareholders) on the earliest practicable date for such despatch after the Proposed Listing.

6.5 Overseas Shareholders

The transmission of AAG Shares pursuant to the Proposed Distribution to Overseas Shareholders may be subject to laws of jurisdictions outside Singapore. Accordingly, to ensure that there is no infringement of any relevant foreign law and to avoid compliance with conditions or requirements which may be onerous by reason of costs, delay or otherwise, the Overseas Shareholders' AAG Shares will not be distributed to such Overseas Shareholders. Instead, the Overseas Shareholders' AAG Shares will be sold by the Appointed Broker, with the net proceeds distributed proportionately among such Overseas Shareholders as more particularly referred to under Option 4 below in Section 6.6 of this Circular.

Entitled Shareholders residing or located in a jurisdiction other than Singapore should observe all legal and regulatory requirements applicable to them. It is the responsibility of the Entitled Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Proposed Distribution, including obtaining of any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

6.6 Shareholders' options to receive AAG Shares under the Proposed Distribution

In order to facilitate the trading of AAG Shares following the completion of the Proposed Listing, the Company and AAG will put in place arrangements for Entitled Shareholders to be provided with the following four (4) options to receive AAG Shares.

Shareholders should note that the following administrative procedures in relation to the options are indicative only and detailed administrative steps and processes may be subject to change.

Further detailed information will be set out in the Election Notice and the Sale Election Notice to be despatched to Entitled Shareholders (other than the Overseas Shareholders) on the earliest practicable date for such despatch after the Proposed Listing.

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Option 1 – For Entitled Shareholders who have a brokerage account with a Non-HK Brokerage that has custodial and nominee arrangements with, and is able to trade on the SEHK through, a HK Nominee/Counterpart

An Entitled Shareholder may contact his Non-HK Brokerage and request for confirmation that it has custodial and nominee arrangements with, and is able to trade on the SEHK through, a HK Nominee/Counterpart.

If the Entitled Shareholder's Non-HK Brokerage is able to do so, the Entitled Shareholder may request that:

- (a) his entitlement of the AAG Shares be transferred to the HK Nominee/Counterpart of the Non-HK Brokerage and for the HK Share Certificate to be issued in the name of the HK Nominee/Counterpart; and
- (b) the HK Nominee/Counterpart be authorised to collect the HK Share Certificate from the Hong Kong Share Registrar and deposit it into CCASS for credit of the AAG Shares to the designated CCASS Participant's brokerage account of that HK Nominee/Counterpart.

The Entitled Shareholder should consult his Non-HK Brokerage regarding the timing, cost and procedures of having the AAG Shares deposited into CCASS and any odd-lot trading (if applicable) of their AAG Shares on the SEHK through their brokerage account.

Option 2 – For Entitled Shareholders who have a brokerage account with a HK Brokerage

If the Entitled Shareholder has a brokerage account with a HK Brokerage, he may request that:

- (a) his entitlement of the AAG Shares be transferred to the HK Brokerage and for the HK Share Certificate to be issued in the name of the HK Brokerage; and
- (b) the HK Brokerage be authorised to collect the HK Share Certificate from the Hong Kong Share Registrar and deposit it into CCASS for credit of the AAG Shares to the designated CCASS Participant's brokerage account of that HK Brokerage.

The Entitled Shareholder should consult his HK Brokerage regarding the timing, cost and procedures of having the AAG Shares deposited into CCASS and any odd-lot trading (if applicable) of their AAG Shares on the SEHK through their brokerage account.

Option 3 – For Entitled Shareholders who wish for the HK Share Certificate to be issued in the name of the Entitled Shareholder (default option for Entitled Shareholders (other than the Overseas Shareholders) if no action is taken or no option is selected)

If the Entitled Shareholder wishes to receive the HK Share Certificate in his own name and have the HK Share Certificate sent to his address that appears on the Register of Members or as per CDP's records (as the case may be) as at the Record Date or his specified address in the Election Form (if applicable), he may request for the HK Share Certificate to be issued in his own name.

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The HK Share Certificate will be posted to his address that appears on the Register of Members or as per CDP's records (as the case may be) as at the Record Date or his specified address in the Election Form (if applicable) by ordinary mail and at the Entitled Shareholder's own risk.

Entitled Shareholders who choose Option 3 should take note that in the event that such Entitled Shareholders wish to trade in AAG Shares on the SEHK after the Proposed Listing, they will need to deliver the HK Share Certificate and the duly executed transfer form to their brokers in Hong Kong for deposit into CCASS.

Entitled Shareholders (other than the Overseas Shareholders) who (i) do not take any action within the applicable time period, (ii) make no option selection, or (iii) supply information which is illegible, incomplete, invalid, incorrectly completed or left blank under Options 1, 2 and 4 will also be deemed to have opted for Option 3.

Detailed procedures and steps to be taken by the Entitled Shareholders will be set out in the Election Notice, to be despatched to the Entitled Shareholders (other than the Overseas Shareholders) after the completion of the Proposed Listing. Entitled Shareholders should refer to the Election Notice for further details.

In respect of Options 1 to 3, Shareholders should note that there are generally no fees charged for opening of trading accounts with Singapore brokers to facilitate trading on the SEHK. However, each brokerage firm may have differing charges including certificate deposition fees, courier fees, custodian fees and/or handling fees which will be borne by the Entitled Shareholders.

Option 4 – For Entitled Shareholders who do not wish to hold on to their AAG Shares and Overseas Shareholders

Entitled Shareholders who do not wish to hold on to their AAG Shares upon the Proposed Listing may request the Company to facilitate the disposal of their AAG Shares following the Proposed Listing. In this regard, the Company has put in place arrangements for the Sale Election.

The Appointed Broker will dispose of the AAG Shares by Entitled Shareholders who have opted for the Sale Election at the prevailing market price on the SEHK, and no Entitled Shareholder shall have any claim whatsoever against the Company, AAG, DBS Bank, CDP or the Appointed Broker (where applicable) in connection therewith. Overseas Shareholders (as described in Section 6.5 of this Circular) will also be deemed to have opted for the Sale Election. The disposal is expected to complete within a two (2)-month period commencing from the date the Appointed Broker receives the AAG Shares for disposal. The Company may, in its absolute discretion, decide to extend the sale period having regard to the prevailing market conditions and any other relevant factors which the Company may consider appropriate. Following the disposal of the AAG Shares, such Entitled Shareholders who have opted for the Sale Election and Overseas Shareholders will receive a cash amount equal to the net proceeds of the sale of AAG Shares in respect of the respective number of AAG Shares which each such Entitled Shareholder and Overseas Shareholder has elected or has deemed to have elected to be disposed of under the Sale Election. The aggregate proceeds from the sale of AAG Shares under the Sale Election, net of all dealing and other expenses in connection therewith, will be paid to the relevant Entitled Shareholders and Overseas Shareholders in Singapore dollars (or in other currencies) in proportion to their AAG Shares that are sold pursuant to the Sale Election.

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Such net proceeds will be distributed as soon as reasonably practicable, and is expected to be within three (3) months following the end of the Election Period.

However, where the net proceeds to which any particular Entitled Shareholder or Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Entitled Shareholder or Overseas Shareholder shall have any claim whatsoever against the Company, AAG, DBS Bank, CDP or the Appointed Broker (where applicable) in connection therewith.

If the Appointed Broker is unable to sell such AAG Shares as aforesaid for any reason by the end of the sale period, the AAG Shares may be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, the Entitled Shareholders, and without retaining the benefit of such net proceeds for the Company and/or the Directors¹⁸. No Entitled Shareholder or Overseas Shareholder shall have any claim whatsoever against the Company, AAG, DBS Bank, CDP or the Appointed Broker (where applicable) in connection therewith.

6.7 Time gap between availability for collection of the HK Share Certificates and deposit of AAG Shares in CCASS (for Options 1 and 2)

If an Entitled Shareholder selects Option 1 or 2, the HK Share Certificates will only be available for collection by his Non-HK Brokerage's HK Nominee/Counterpart or his HK Brokerage (as the case may be) at the office of the Hong Kong Share Registrar on such date, being five (5) Market Days after receipt of the duly completed and executed Election Form following the Proposed Listing. During the collection, a brokerage's authorised representative must bear a letter of authorisation stamped with the brokerage's corporation chop and the authorised representative must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. If the HK Nominee/Counterpart or the HK Brokerage (as the case may be) does not collect the Entitled Shareholder's HK Share Certificate(s) within the time specified for collection, they will be despatched to the specified addresses of such HK Nominee/Counterpart or HK Brokerage by ordinary post at the Entitled Shareholder's own risk. HK Share Certificates will need to be deposited into CCASS before trades of those AAG Shares can be conducted on the SEHK. Entitled Shareholders who wish to trade the AAG Shares on the SEHK on or shortly after the Expected Date of Despatch or Availability of Certificates are advised to contact their Non-HK Brokerage or HK Brokerage (as the case may be) to confirm the earliest possible date they may trade such AAG Shares in Hong Kong.

6.8 Trading in AAG Shares for Entitled Shareholders with HK Share Certificates issued in the name of the Entitled Shareholder (for Option 3)

Under Option 3, HK Share Certificates will only be despatched by ordinary mail to the relevant Entitled Shareholders after receipt of the duly completed and executed Election Form (if applicable) and within five (5) Market Days following the end of the Election Period. Entitled Shareholders should take note that HK Share Certificates will need to be deposited into CCASS before trades of those AAG Shares can be conducted on the SEHK. Accordingly, in the event that such Entitled Shareholders wish to trade in AAG Shares on the SEHK after the Proposed Listing, they will need to engage their own brokers in Hong Kong and deliver the HK Share Certificate and the duly executed transfer form to their brokers in Hong Kong for deposit into CCASS.

¹⁸ Except (i) where the net proceeds to which any particular Entitled Shareholder or Overseas Shareholder is entitled is less than S\$10.00; and/or (ii) the sale of any fractional entitlements which are disregarded, where such net proceeds shall be retained for the benefit of the Company.

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6.9 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or any tax implications arising from the Proposed Distribution. Shareholders who are in doubt as to their respective tax positions or any tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own tax advisers or other professional advisers.

For Singapore income tax purposes, the Proposed Distribution made by the Company (being a Singapore resident company) to its Shareholders by way of Capital Reduction would generally be classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax-exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from the Proposed Distribution should generally not be taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

The Company will bear stamp duty, if any, chargeable for the transmission of the AAG Shares by the Company to Shareholders pursuant to the Proposed Distribution.

7. PROPOSED LISTING

Upon the completion of the Proposed Listing, AAG Shares will be listed and traded on the Main Board of SEHK.

An application for the Proposed Listing was made by AAG to the SEHK on 29 March 2022. As announced by the Company on 28 September 2022 and 14 October 2022, AAG's listing application expired at the end of the six (6)-month period on 28 September 2022, and in connection therewith, AAG had, on 14 October 2022, re-submitted its application for the Proposed Listing to extend the application for a further six (6)-month period (from the date of re-submission on 14 October 2022). The Application Proof which was submitted to the SEHK as part of the application can be found at www.hkexnews.hk. The Application Proof contains, among other things, certain business and financial information relating to AAG. Shareholders should note that the Application Proof is in draft form and the information contained in it is incomplete and is subject to change which can be material.

The Proposed Listing is subject to receipt of all necessary approvals under the applicable laws, rules and regulations being obtained or fulfilled. As at the Latest Practicable Date, the process of obtaining SEHK approval was still in progress and the SEHK had not yet granted its approval for the Proposed Listing.

8. FINANCIAL EFFECTS OF THE PROPOSED DISTRIBUTION

The *pro forma* financial effects of the Proposed Distribution on selected financial measures of Japfa Animal Protein have been prepared based on the audited consolidated financial statements of the Group for FY2021 and takes into account the following assumptions:

- (a) the NTA as at 31 December 2021 has been prepared on a *pro forma* basis on the assumption that the Loan Capitalisation and the Proposed Distribution had been completed on 31 December 2021, and the adjustments on the NTA represent (i) the unaudited consolidated NTA of AAG attributable to Shareholders being deconsolidated from the Group as at 31 December 2021, and (ii) the Existing Shareholder's Loans being capitalised and distributed as at 31 December 2021;

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- (b) the EPS has been prepared on a *pro forma* basis on the assumption that the Proposed Distribution had been completed on 1 January 2021, and the adjustments on the EPS represent the unaudited consolidated profit after tax of AAG attributable to Shareholders being deconsolidated from the Group for FY2021;
- (c) all of the Existing AAG Shares and the Capitalised AAG Shares are distributed to Entitled Shareholders pursuant to the Proposed Distribution; and
- (d) assumes no other costs (such as tax and other transaction costs) arising from the Proposed Distribution.

The *pro forma* financial effects of the Proposed Distribution on Japfa Animal Protein as set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial performance or position of Japfa Animal Protein after completion of the Proposed Distribution.

8.1 Share Capital

The Capital Reduction will be effected by reducing the Company's issued and paid-up capital by (i) approximately US\$580.98 million, based on the Company's cost of investment in AAG and the Loan Capitalisation (assuming the distribution of the Capitalised AAG Shares will be effected by way of a Capital Reduction), or (ii) approximately US\$555.44 million, based on the Company's cost of investment in AAG (assuming the distribution of the Capitalised AAG Shares will be effected by way of a dividend *in specie*). There will not be any cancellation of Shares or reduction in the number of issued Shares.

As the Proposed Distribution does not involve the issue of any new Shares, the Proposed Distribution will not have any impact on the number of existing issued share capital of the Company.

8.2 NTA

	Before the Proposed Distribution	After the Proposed Distribution
Consolidated NTA attributable to Shareholders as at 31 December 2021 (US\$ million)	1,418.8	902.3 ⁽¹⁾⁽²⁾
Number of issued Shares as at 31 December 2021 (excluding treasury shares)	2,040,800,520	2,040,800,520
Consolidated NTA per Share (US\$)	0.70	0.44
Consolidated NTA per Share (S\$) computed based on the exchange rate of US\$1.00: S\$1.3517 as at 31 December 2021	0.94	0.60

Notes:

- (1) Adjusted for the decrease in the Group's NTA attributable to Shareholders of approximately US\$490.9 million as a result of the unaudited consolidated NTA of the AAG Group attributable to Shareholders of approximately US\$490.9 million as at 31 December 2021.
- (2) Adjusted for the decrease in the Group's NTA attributable to Shareholders of approximately US\$25.54 million as a result of the Existing Shareholder's Loans being capitalised and distributed as at 31 December 2021.

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8.3 EPS

	Before the Proposed Distribution	After the Proposed Distribution
Profit after tax attributable to Shareholders for FY2021 (US\$ million)	118.8	40.2 ⁽¹⁾
Weighted average number of issued Shares as at 31 December 2021 (excluding treasury shares)	2,040,876,380	2,040,876,380
EPS (USD cents)	5.82	1.97
EPS (SGD cents) computed based on the average exchange rate of US\$1.00: S\$1.3437 for FY 2021	7.82	2.65

Note:

- (1) Adjusted for the decrease in the Group's profit after tax attributable to Shareholders of approximately US\$78.6 million as a result of the unaudited consolidated profit after tax of the AAG Group attributable to Shareholders for the year ended 31 December 2021.

8.4 Gearing

	Before the Proposed Distribution	After the Proposed Distribution
Loan and borrowings as at 31 December 2021 (US\$ million)	1,308.9	1,040.9 ⁽¹⁾
Lease liabilities as at 31 December 2021 (US\$ million)	287.6	136.5 ⁽²⁾
Total debt (US\$ million)	1,596.5	1,177.4
Cash as at 31 December 2021 (US\$ million)	320.6	297.3 ⁽³⁾
Total equity (US\$ million)	2,146.5	1,334.7 ⁽⁴⁾⁽⁵⁾
Net debt/Total equity ratio (times)	0.6	0.7
Net debt (without lease liabilities)/Total equity ratio (times)	0.5	0.6

Notes:

- (1) Adjusted for the decrease in the Group's loan and borrowings of approximately US\$268.0 million as a result of the unaudited consolidated loan and borrowings of the AAG Group as at 31 December 2021.
- (2) Adjusted for the decrease in the Group's lease liabilities of approximately US\$151.1 million as a result of the unaudited consolidated lease liabilities of the AAG Group as at 31 December 2021.
- (3) Adjusted for the decrease in the Group's cash balance of approximately US\$23.2 million as a result of the unaudited consolidated cash balance of the AAG Group as at 31 December 2021.
- (4) Adjusted for the decrease in the Group's total equity of approximately US\$786.2 million as a result of the unaudited consolidated total equity of the AAG Group as at 31 December 2021.
- (5) Adjusted for the decrease in the Group's total equity of approximately US\$25.54 million as a result of the Existing Shareholder's Loans being capitalised and distributed as at 31 December 2021.

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8.5 AAG Ceasing to be a Subsidiary of the Company

Upon completion of the Proposed Listing and the Proposed Distribution, AAG will cease to be a subsidiary or an associated company of the Company.

9. CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual regulates transactions by a listed company, its subsidiaries and associated companies that are considered to be at risk (each referred to as an “**entity at risk**”) with interested persons.

For the purpose of Chapter 9 of the Listing Manual:

- (a) An “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- (b) An “**associate**” means:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (A) his immediate family;
 - (B) 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
 - (C) any company in which he and his immediate family together (directly or indirectly) have any interest of 30% or more;
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of 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.
- (c) An “**associated company**” means, in relation to a listed company, any company in which at least 20% but not more than 50% of its shares are held by the listed company or group.
- (d) A “**chief executive officer**” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.
- (e) A “**controlling shareholder**” means a person who:
 - (i) holds directly or indirectly 15% or more of the total voting rights in the listed company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
 - (ii) in fact exercises control over the listed company.

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- (f) An “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.
- (g) An “**interested person**” means:
 - (i) a director, chief executive officer, or controlling shareholder of the listed company; or
 - (ii) an associate of any such director, chief executive officer, or controlling shareholder.
- (h) An “**interested person transaction**” means a transaction between an entity at risk and an interested person and a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.
- (i) A “**primary interested person**” means:
 - (i) a director, chief executive officer, or controlling shareholder of the listed company; or
 - (ii) an associate of any such director, chief executive officer, or controlling shareholder.

10. PROPOSED SUPPLY AGREEMENT AS AN INTERESTED PERSON TRANSACTION

10.1 Interested Person

As at the Latest Practicable Date, each of Mr Renaldo Santosa and Ms Gabriella Santosa are deemed to have an interest, either through the Santosa Family Entities or otherwise, in 1,235,475,175 Shares and 1,233,690,875 Shares, representing 60.47% and 60.39% of the total issued and paid-up capital of the Company, respectively, and are therefore each deemed to be a “controlling shareholder” of the Company and an “interested person” of the Company for the purposes of Chapter 9 of the Listing Manual.

In connection with and upon completion of the Proposed Listing and the Proposed Distribution, AAG would cease to be a subsidiary of the Company and accordingly, would be considered as an “associate” of each of Mr Renaldo Santosa and Ms Gabriella Santosa, who are, through the Santosa Family Entities, expected to have an interest of 30% or more of the issued and paid-up capital of AAG. Accordingly, upon completion of the Proposed Listing and the Proposed Distribution, AAG would be considered an “interested person” of the Company for the purposes of Chapter 9 of the Listing Manual.

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10.2 Background

Annona is a wholly-owned subsidiary of the Company and intends to enter into the Proposed Supply Agreement with AAG. Accordingly, Annona would be considered an “entity at risk”, and upon completion of Proposed Distribution, the Proposed Supply Agreement would constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

10.3 Principal Terms of and Further Information on the Proposed Supply Agreement

As at the Latest Practicable Date, it is envisaged that the principal terms of the Proposed Supply Agreement are as follows:

(a) Principal Terms

Duration: The Proposed Supply Agreement is for an initial term commencing on the Listing Date and expiring on 31 December 2024 (“**Initial Term**”) and thereafter will be automatically renewed for successive terms of three (3) years subject to compliance with the relevant requirements of the listing rules of the SGX-ST and the SEHK, unless either party terminates such agreement by giving one (1) month’s written notice.

Trading Margin: Pursuant to the Proposed Supply Agreement, Annona has agreed to supply feed (such as alfalfa, hay and oats) and other agriculture commodities, premixes and vitamins (“**Goods**”) on normal commercial terms and on CIF (cost, insurance, freight) at the prevailing market price of similar Goods, subject to an overall trading margin which is capped at Annona’s earnings before interest and tax for each financial year of 5% (“**Trading Margin**”). There is no obligation on AAG to purchase or Annona to supply any Goods.

Annual Caps: The maximum annual purchase amounts payable by the AAG Group to Annona pursuant to the Proposed Supply Agreement for the supply of the Goods for FY2022, FY2023 and FY2024 are capped at US\$32 million, US\$39 million and US\$42 million, respectively.

(b) Further Information

As the market price for commodities is highly volatile, the market price is determined on a spot-basis at the time of each transaction. On a weekly basis, Annona obtains quotations from global commodity traders to monitor the market price movements. While not all trades will result in the same profit margin for Annona, over each financial year, Annona’s trading margins and profits fall within the range of its competitors as benchmarked by independent consultants to Annona.

After the end of each financial year, Annona shall issue a letter to AAG signed by Annona’s financial controller, confirming Annona’s Trading Margin for such financial year and setting out reasonable details by which the Trading Margin was arrived at. In the event that the Trading Margin is in excess of 5%, Annona shall repay AAG by providing a subsequent discount for future purchases by AAG. In the event that AAG does not accept the determination of the financial controller of Annona, it shall be entitled to require confirmation of such determination by Annona’s auditors (acting as experts and not as arbitrators). Annona shall bear the cost of such audit if Annona’s auditors disagree with Annona’s determination, and AAG shall bear the cost of such audit, if AAG’s auditors confirm its determination.

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In the event AAG decides to purchase Goods from Annona and Annona agrees to supply such Goods, AAG will issue a purchase order setting out the type, quantity and purchase price of the Goods. The purchase price of the Goods shall be due and payable in full within 120 days from the date of the invoice according to the terms of payment required by Annona and agreed to by AAG in each purchase order. Annona supplies Goods to the subsidiaries of the Company on the same basis and manner as to AAG, including the credit term of 120 days. At present and prior to the Proposed Distribution, Annona has been supplying to the AAG Group on the same basis and manner and neither Annona nor AAG intend to change the basis and manner of their trading relationship.

The aggregate purchase amounts paid by AAG to Annona for the supply of the Goods to the continuing operations of the AAG Group for FY2019, FY2020, FY2021 and 6M2022 were approximately US\$15.0 million, US\$18.4 million, US\$19.8 million and US\$11.9 million, respectively, which represents 3.1%, 2.7%, 3.7% and 4.7% of the Group's EBITDA for FY2019, FY2020, FY2021 and 6M2022, respectively.

10.4 Shareholders' Approval

The listing rules of the SEHK require AAG to set out the basis for calculating the payments to be made and express the annual caps for transactions under the Proposed Supply Agreement in monetary terms. Accordingly, as at the Latest Practicable Date, it is envisaged that the Goods under the Proposed Supply Agreement will be supplied by Annona to AAG on normal commercial terms and on CIF (cost, insurance, freight) at the prevailing market price of similar Goods, subject to the Trading Margin, and the maximum annual purchase amounts payable by the AAG Group to Annona pursuant to the Proposed Supply Agreement for FY2022, FY2023 and FY2024 are capped at US\$32 million, US\$39 million and US\$42 million, respectively.

These annual caps were determined by reference to (i) the historical and prevailing market price for the Goods as well as the potential fluctuations in the market price for the Goods, having taken into account in particular the significant increase in feed cost of approximately 18% during the past three (3) years ended 31 December 2021 and the six (6) months ended 30 June 2022 ("**Track Record Period**"); (ii) the historical transaction quantity of different types of Goods purchased during the Track Record Period; (iii) the anticipated significant growth in the production of raw milk of the AAG Group from FY2022 to FY2024 and the consequent anticipated demand for the Goods, having taken into account (A) the increase in the AAG Group's revenue from the business segment of raw milk from US\$315.6 million for FY2019 to US\$438.0 million for FY2021, representing an increase of approximately 38.8%; (B) the increase in dairy herd size (from continuing operations) by 29.5% during the Track Record Period; (C) the expected increase in utilisation of Pure Source Farm 1 (Farm 9) and Pure Source Farm 2 (Farm 10), being two (2) dairy farms of Pure Source Dairy, which were acquired from Pure Source Dairy in June 2021 and are still at the ramp up stage and which are expected to reach the full milking capacity by March 2023 and each produce raw milk of 50,000 tons/year at that time; (D) the expected increase in utilisation of Farm 8 which was at the ramp up stage in 2020 and is expected to reach the full milking capacity by December 2022 and produce raw milk of 70,000 tons/year at that time; and (E) the expected increase in the production of raw milk resulting from the two (2) new dairy farms in Shandong to be developed on vacant land acquired from Pure Source Dairy in 2021, i.e. Pure Source Farm 3 (Farm 11), which commenced development in 2022, and Pure Source Farm 4 (Farm 12), which is expected to commence development in 2023, which are expected to commence commercial production in 2023 and reach the full milking capacity by December 2023 (100,000 tons/year) and November 2024 (80,000 tons/year),

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respectively, and the proposed development of two (2) new dairy farms in Inner Mongolia from 2023 to 2025; (iv) the anticipated increase in demand for the Goods for the AAG Group's beef cattle business (which did not procure the Goods in FY2020 and FY2021), having taken into account (A) the increase in beef cattle herd size by 64.8% during the Track Record Period; (B) the expected increase in utilisation of the AAG Group's beef cattle feedlot in Inner Mongolia which commenced operation in early 2021 and is expected to reach utilisation rate of up to 75% by the end of 2022; and (C) the AAG Group's plan to further increase the beef cattle population of its existing beef cattle feedlots to full capacity and construct new beef cattle feedlots in Shandong when opportunities arise; and (v) expected inflation pressure from 2022 to 2024 in view of rapid increases in commodities and energy prices in recent months, geopolitical conflicts and continued COVID-19 prevention policies in China.

Assuming the maximum value of goods is transacted during such period, this would represent approximately 8.39% of Japfa Animal Protein's NTA for FY2021 of US\$1,346 million.

As the maximum value at risk for the term of the Proposed Supply Agreement would represent more than 5% of Japfa Animal Protein's latest audited NTA, the Company is seeking the approval of Independent Shareholders at the EGM pursuant to Rule 906(1)(a) of the Listing Manual in respect of the Proposed Supply Agreement.

If the caps for any ensuing period after the expiry of the Initial Term is expected to exceed 5% of the Group's NTA for the relevant period, the Company will seek Shareholders' approval for the renewal of the Proposed Supply Agreement.

10.5 Rationale for and benefits of the Proposed Supply Agreement

Annona was established in 2009 as a global trader under Enterprise Singapore for the purpose of aggregating the purchase of agricultural commodities, premixes and vitamins of the Group so as to procure better terms from suppliers and borrowing terms from lenders. Annona's provision of trade credit of up to 120 days also enables the Group companies who are customers to benefit from Annona's cost of borrowings.

Annona, a wholly-owned subsidiary of the Company, has been supplying, and will continue to supply the Goods to the subsidiaries of the Company and the AAG Group. The Proposed Supply Agreement allows Annona to retain the AAG Group as a customer following the Proposed Distribution. The additional volume from the supply of Goods to the AAG Group can be used by Annona to negotiate for better terms for its purchases of the Goods for onward sale to all of its customers, whether it is to the subsidiaries of the Company or to the AAG Group, and the Company will continue to earn a margin on the sale of the Goods to the AAG Group.

10.6 Independent Financial Adviser

In accordance with Rule 921(4)(a) of the Listing Manual, W Capital Markets Pte. Ltd. has been appointed as the IFA to advise the Independent Directors on whether the Proposed Supply Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

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Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Supply Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the IFA advised the Independent Directors to recommend that Shareholders vote in favour of the Proposed Supply Agreement.

A copy of the IFA Letter is reproduced and appended as Appendix 8 to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider it in the context of this Circular before proceeding to vote on the Proposed Supply Agreement as an interested person transaction at the EGM.**

In rendering its opinion and providing its recommendation, the IFA did not have regard to the specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any Shareholder. Accordingly, any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

10.7 Audit and Risk Committee Statement

The members of the Audit and Risk Committee (comprising Mr Ng Quek Peng, Mr Chia Wee Boon and Mr Tan Kian Chew) do not have any interests in the Proposed Supply Agreement and are accordingly considered to be independent for the purposes of the Proposed Supply Agreement. Having reviewed and considered, *inter alia*, the terms, rationale and benefits of the Proposed Supply Agreement as well as the IFA Letter, the Audit and Risk Committee concurs with the opinion of the IFA given in the IFA Letter and is of the view that the Proposed Supply Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10.8 Further Information on Review Procedures

The Audit and Risk Committee has established review procedures to ensure that all interested person transactions with the AAG Group, effective from the completion of the Proposed Distribution, are to be undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. Under the review procedures, the interested person transaction terms and pricing are to be consistent with the Company's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties and parties who are not interested persons (including other Group entities). The Audit and Risk Committee has also put in place procedures to identify the interested persons and monitor the interested person transactions entered into by the Group which are recorded into an interested person transactions register that is subject to quarterly review by the Company's internal auditor reporting to the Audit and Risk Committee.

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11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

11.1 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:

Directors	Direct Interest		Deemed Interest ⁽²⁾		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr Tan Yong Nang ⁽³⁾	–	–	99,963,060	4.89	99,963,060	4.89
Mr Kevin John Monteiro ⁽⁴⁾	–	–	4,595,230	0.22	4,595,230	0.22
Mr Hendrick Kolonas	–	–	–	–	–	–
Mr Ng Quek Peng ⁽⁵⁾	–	–	550,000	0.03	550,000	0.03
Ms Lien Siaou-Sze ⁽⁶⁾	–	–	687,500	0.03	687,500	0.03
Mr Manu Bhaskaran	–	–	–	–	–	–
Mr Tan Kian Chew	33,000	0.00	–	–	33,000	0.00
Mr Chia Wee Boon	–	–	–	–	–	–

Notes:

- (1) Based on 2,042,969,220 Shares in issue (excluding 24,454,100 treasury shares) as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) 41,331,991 Shares are held by Great Alpha Investments Limited and 53,000,000 Shares are held by The Great Delta Trust. 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 and The Great Delta Trust. In addition, Mr Tan Yong Nang is also deemed to have an interest in 5,631,069 Shares held in a joint account with his wife (through their client account with a financial institution).
- (4) Held through his client account with a financial institution.
- (5) Held through her client account with a financial institution.
- (6) Held through his client account with a financial institution.

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11.2 Substantial Shareholders' Interests

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

Substantial Shareholders	Direct Interest		Deemed Interest ⁽²⁾		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Rangi Management Limited ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁹⁾	1,061,976,500	51.98	–	–	1,061,976,500	51.98
Fusion Investment Holdings Limited ⁽³⁾⁽⁴⁾	–	–	1,061,976,500	51.98	1,061,976,500	51.98
Tasburgh Limited ⁽⁴⁾⁽⁵⁾⁽⁹⁾	106,714,375	5.22	–	–	106,714,375	5.22
Morze International Limited ⁽⁴⁾⁽⁶⁾	310,779,793	15.21	–	–	310,779,793	15.21
Highvern Trustees Limited ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	–	–	1,479,470,668	72.42	1,479,470,668	72.42
Scuderia Trust ⁽⁵⁾	–	–	1,168,690,875	57.21	1,168,690,875	57.21
Capital Two Trust ⁽⁶⁾	–	–	310,779,793	15.21	310,779,793	15.21
MNM Holdings Limited ⁽⁷⁾	–	–	1,479,470,668	72.42	1,479,470,668	72.42
Mr Martin John Hall ⁽⁷⁾	–	–	1,479,470,668	72.42	1,479,470,668	72.42
Ms Naomi Julia Rive ⁽⁷⁾	–	–	1,479,470,668	72.42	1,479,470,668	72.42
Ms Rachel Anastasia Kolonas ⁽⁶⁾⁽⁸⁾	–	–	310,779,793	15.21	310,779,793	15.21
Ms Tati Santosa ⁽⁶⁾	–	–	310,779,793	15.21	310,779,793	15.21
Mdm Farida Gustimego Santosa ⁽⁵⁾⁽¹¹⁾	–	–	1,168,690,875	57.21	1,168,690,875	57.21
Mr Renaldo Santosa ⁽⁵⁾⁽⁹⁾⁽¹⁰⁾⁽¹²⁾	–	–	1,235,475,175	60.47	1,235,475,175	60.47
Ms Gabriella Santosa ⁽⁵⁾⁽⁹⁾⁽¹⁰⁾⁽¹³⁾	–	–	1,233,690,875	60.39	1,233,690,875	60.39

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Notes:

- (1) Based on 2,042,969,220 Shares in issue (excluding 24,454,100 treasury shares) as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) 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.
- (4) 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.
- (5) 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 beneficiaries of the Scuderia Trust are Mdm Farida Gustimego Santosa, her children (Renaldo Santosa, Gabriella Santosa, Mikael Santosa and Raffaella 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.
- (6) 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 beneficiaries of the Capital Two Trust are 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.
- (7) MNM Holdings Limited is the holding company of Highvern Trustees Limited, which has an interest in the Shares as trustee of the Scuderia Trust and the Capital Two Trust. See Note (4) above. MNM Holdings Limited is wholly-owned by Martin John Hall and Naomi Julia Rive in equal shareholding proportions. By virtue of Section 4 of the SFA, each of MNM Holdings Limited, Martin John Hall and Naomi Julia Rive and is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.
- (8) 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.
- (9) As at the date of this Circular, Mr Renaldo Santosa and Ms Gabriella Santosa have been appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, 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 their instructions in relation to the investments of the Scuderia Trust. See Note (5) above. 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 Renaldo Santosa and Ms Gabriella Santosa can jointly 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 Renaldo Santosa and Ms Gabriella Santosa are each deemed to have an interest in the Shares held by Rangi Management Limited and Tasburgh Limited. The shareholding interests of Mr Renaldo Santosa and Ms Gabriella Santosa have been prepared as if they were appointed the joint investment power holders of the Scuderia Trust as at the Latest Practicable Date.
- (10) Tallowe Services Inc. holds 65,000,000 Shares. The shares of Tallowe Services Inc. are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr Handojo Santosa. Mr Renaldo Santosa and Ms Gabriella Santosa are beneficiaries of Mr Handojo Santosa's interest in Tallowe Services Inc..
- (11) Mdm Farida Gustimego Santosa is a beneficiary under the Scuderia Trust. See Note (5) above.
- (12) Mr Renaldo Santosa is a beneficiary under the Scuderia Trust and has also been appointed as an investment power holder of the Scuderia Trust as at the date of this Circular. See Notes (5) and (9) above. Mr Renaldo Santosa is also deemed to have an interest in the Shares held by Tallowe Services Inc.. See Note (10) above. Mr Renaldo Santosa additionally holds 1,784,300 Shares through his client account with a financial institution.
- (13) Ms Gabriella Santosa is a beneficiary under the Scuderia Trust and has also been appointed as an investment power holder of the Scuderia Trust as at the date of this Circular. See Notes (5) and (9) above. Ms Gabriella Santosa is also deemed to have an interest in the Shares held by Tallowe Services Inc.. See Note (10) above.

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11.3 Interests of Substantial Shareholders and Directors

Substantial Shareholders and Directors who have interests in the Shares would also have interests in AAG Shares and would become shareholders of AAG respectively as a result of the Proposed Distribution.

Save as disclosed in this Circular, none of the Directors, or as far as the Company is aware, the Substantial Shareholders, have any interest, direct or indirect, in the Proposed Distribution other than through their respective directorships and shareholdings in the Company.

All share awards granted pursuant to the Japfa's Performance Share Plan will not be adjusted as a result of the Proposed Listing or the Proposed Distribution.

12. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Distribution, and no service contracts in relation thereto will be entered into by the Company.

13. DIRECTORS' RECOMMENDATIONS

13.1 The Proposed Distribution

The Directors having considered, *inter alia*, the terms, rationale and benefits of the Proposed Distribution, are of the opinion, for the reasons set out in Section 3.10 of this Circular above, that the Proposed Distribution is in the interests of the Company. Accordingly, they recommend that Shareholders **VOTE IN FAVOUR** of the Special Resolution relating to the Proposed Distribution to be proposed at the EGM.

13.2 The Proposed Supply Agreement

The Independent Directors having considered, *inter alia*, the terms, rationale and benefits of the Proposed Supply Agreement as well as the opinion of the IFA as set out in the IFA Letter, are of the opinion, for the reasons set out in Section 10.5 of this Circular, that the Proposed Supply Agreement is in the interests of the Company. Accordingly, they recommend that Shareholders **VOTE IN FAVOUR** of the Ordinary Resolution relating to the Proposed Supply Agreement to be proposed at the EGM.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 89 to 93 of this Circular, will be held at York Hotel Singapore, Carlton Hall, Level 2, 21 Mount Elizabeth, Singapore 228516 on Monday, 7 November 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Special Resolution and the Ordinary Resolution set out in the Notice of EGM.

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15. ABSTENTIONS FROM VOTING

Under Rule 919 of the Listing Manual, where a meeting is held to obtain Shareholders' approval, the interested person and any associate of the interested person must not vote on the resolutions, nor accept appointments as proxies, unless specific instructions as to voting are given.

Accordingly, each of Mr Renaldo Santosa and Ms Gabriella Santosa will abstain, and will ensure that their respective associates (including the Santosa Family Entities) will abstain, from voting on the Proposed Supply Agreement, and will decline to accept appointment as proxy for any Shareholder to vote at the EGM in relation to the Proposed Supply Agreement, unless specific instructions as to voting are given by such Shareholder in the proxy instrument.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

16.1 Information relating to participating at the EGM

Shareholders should note and consider taking the following actions to participate at the EGM:

(a) Submission of questions in advance of the EGM

Shareholders and SRS Investors may submit substantial and relevant questions related to the resolutions to be tabled for approval at the EGM in advance of the EGM in the following manner:

- (i) All questions must be submitted by **2.00 p.m. on Tuesday, 25 October 2022** for the purposes of the EGM:
 - in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
 - by email to the Company's Share Registrar at japfaegm2022@boardroomlimited.com.

Shareholders will be required to provide their full name and NRIC/FIN/Passport/ Company Registration number for verification purposes.

- (ii) The Company will endeavour to address all substantial and relevant questions received from Shareholders either before the EGM on SGXNET and the Company's website before **2.00 p.m. on Tuesday, 1 November 2022** (being 72 hours prior to the last date and time for lodgement of Proxy Form) or during the EGM.
- (iii) The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNET and the Company's website, and the minutes will include the responses to the questions referred to above.

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(b) Voting by proxy

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend, speak and vote at the EGM on their behalf should complete, sign and return the Proxy Form in accordance with the instructions printed thereon.

In relation to the appointment of the proxy to attend, speak and vote on behalf of the Shareholder at the EGM:

- (i) Shareholders (whether individual or corporate) appointing proxy(ies) should give specific instructions as to their manner of voting, or abstentions from voting, in respect of a resolution in the Proxy Form. If no specific instructions as to voting are given, or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
- (ii) The Proxy Form, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must:
 - if sent personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
 - if sent by email, be received by the Company's Share Registrar at japfaegm2022@boardroomlimited.com,

in either case, by **2.00 p.m. on Friday, 4 November 2022** (being 72 hours before the time fixed for the EGM).

- (iii) Investors who hold Shares through relevant intermediaries (including SRS Investors) who wish to vote at the EGM should approach their relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by **5.00 p.m. on Wednesday, 26 October 2022** (being at least seven (7) working days before the date of the EGM).

16.2 Depositor not member

A Depositor will not be regarded as a member of the Company entitled to participate in the EGM and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP to the Company at least 72 hours before the EGM.

17. RESPONSIBILITY STATEMENTS

17.1 Director's Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Distribution, the Proposed Supply Agreement and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

LETTER TO SHAREHOLDERS

17.2 Financial Adviser's Responsibility Statement

DBS Bank has been appointed as the financial adviser to the Company in respect of the Proposed Distribution. To the best of DBS Bank's knowledge and belief, this Circular contains full and true disclosure of all material facts about the Proposed Distribution and the Company and its subsidiaries, and DBS Bank is not aware of any fact the omission of which would make any statement in this Circular misleading.

18. CONSENT

DBS Bank has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of and references to its name in the form and context in which they appear in the Circular.

W Capital Markets Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter and references to its name and the IFA Letter (as set out in Appendix 8 to this Circular), in the form and context in which they appear in this Circular.

19. 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 EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for FY2021;
- (c) the letters of consent from DBS Bank and W Capital Markets Pte. Ltd. referred to in Section 18 of this Circular;
- (d) the Proposed Supply Agreement; and
- (e) the IFA Letter.

Yours faithfully

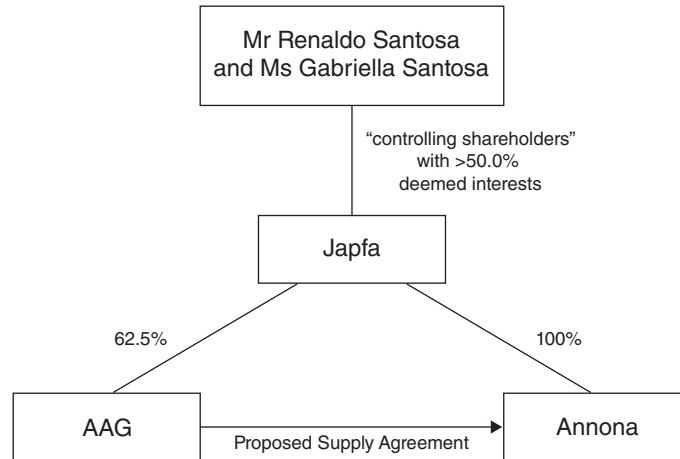
For and on behalf of the Board of Directors of
JAPFA LTD.

Tan Yong Nang
Executive Director and Chief Executive Officer

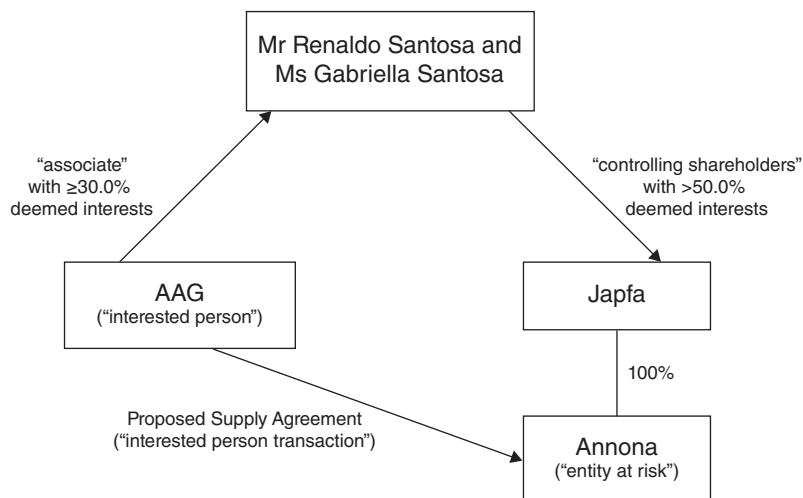
APPENDIX 1 – DIAGRAMS OF THE PROPOSED SUPPLY AGREEMENT

The diagrams illustrating the Proposed Supply Agreement (a) as at the Latest Practicable Date; and (b) following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution are as follows:

(a) As at the Latest Practicable Date



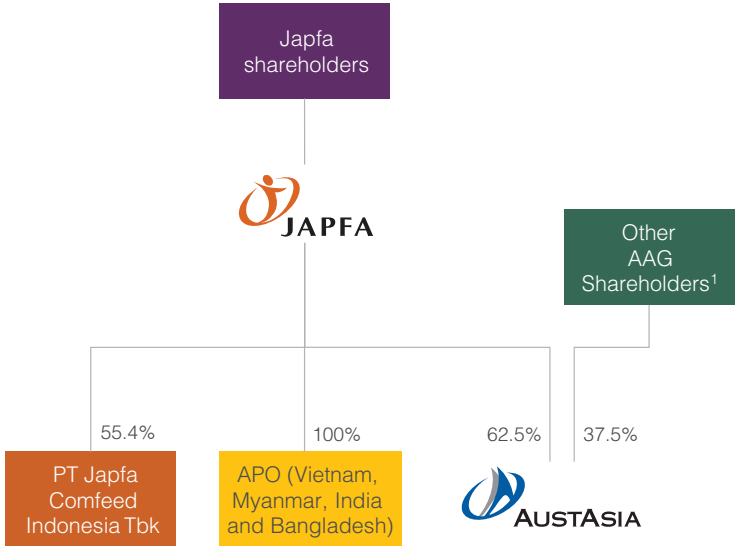
(b) Following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution



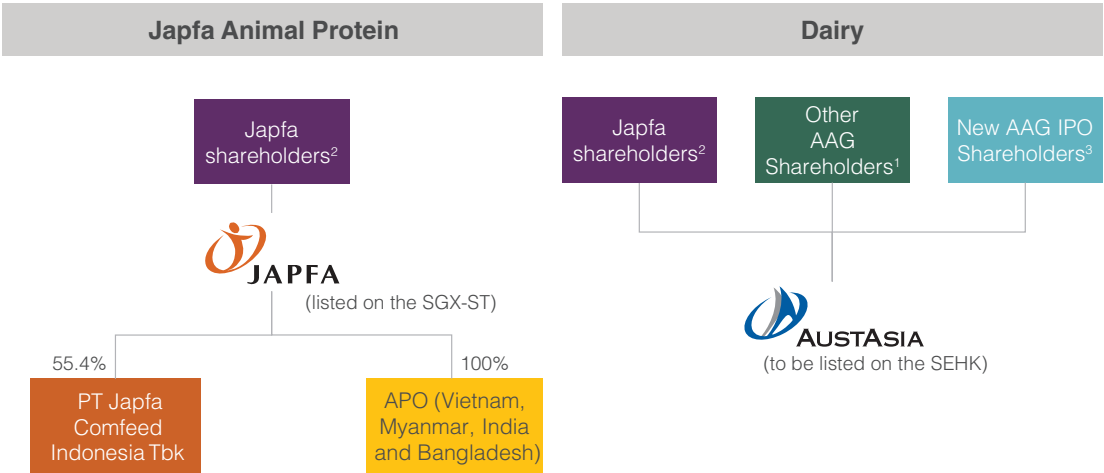
APPENDIX 2 – STRUCTURE CHARTS OF THE GROUP AND THE AAG GROUP

The structure charts of the Group and the AAG Group (a) as at the Latest Practicable Date; and (b) following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution are as follows:

(a) As at the Latest Practicable Date



(b) Following completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution



Notes:

- (1) Other AAG Shareholders consists of Meiji, Chi Forest, Honest Dairy and New Hope Dairy.
- (2) Following the completion of the Loan Capitalisation, the Proposed Listing and the Proposed Distribution, the Santosa family (through the Santosa Family Entities) will remain the largest shareholder in Japfa and is expected to be the largest shareholder in AAG.
- (3) New AAG IPO Shareholders consists of new shareholders of AAG pursuant to (i) the IPO of AAG Shares and the Proposed Listing; and (ii) new AAG Shares issued in settlement of AAG share awards on the Listing Date.

APPENDIX 3 – SELECTED HISTORICAL FINANCIAL INFORMATION OF THE GROUP, THE AAG GROUP AND JAPFA ANIMAL PROTEIN

The table below sets out the revenue, profit before tax, profit after tax, EBITDA and net asset value of each of the Japfa Group, the AAG Group and Japfa Animal Protein for FY2019, FY2020, FY2021 and 6M2022.

	FY2019 (US\$'000)	FY2020 (US\$'000)	FY2021 (US\$'000)	6M2022 (US\$'000)
Revenue				
Japfa Group ⁽¹⁾	3,890,456	3,868,262	4,636,358	2,498,042
AAG Group	471,471	547,515	564,326	296,716
Japfa Animal Protein	3,460,266	3,343,735	4,091,782	2,213,353
AAG Group as a % of Japfa Group	12.1%	14.2%	12.2%	11.9%
Profit Before Tax				
Japfa Group	247,074	422,403	266,827	116,923
AAG Group	61,102	104,664	107,005	31,038
Japfa Animal Protein	185,972	317,739	159,822	85,885
AAG Group as a % of Japfa Group	24.7%	24.8%	40.1%	26.5%
Profit After Tax				
Japfa Group	184,625	371,573	212,718	94,314
AAG Group	55,285	103,705	104,571	29,579
Japfa Animal Protein	129,340	267,868	108,147	64,735
AAG Group as a % of Japfa Group	29.9%	27.9%	49.2%	31.4%
EBITDA				
Japfa Group	478,619	683,074	533,928	254,183
AAG Group	123,349	159,451	159,915	63,322
Japfa Animal Protein	355,270	523,623	374,013	190,861
AAG Group as a % of Japfa Group	25.8%	23.3%	30.0%	24.9%
Net Asset Value				
Japfa Group	1,286,690	1,962,023	2,146,452	2,108,519
AAG Group	538,699	651,668	786,193	778,888
Japfa Animal Protein	747,991	1,310,355	1,360,259	1,329,631
AAG Group as a % of Japfa Group	41.9%	33.2%	36.6%	36.9%

Note:

(1) The revenue of Japfa Group is after elimination of transactions between Japfa Animal Protein and the AAG Group.

APPENDIX 4 – DETAILS OF THE SUBSIDIARIES OF AAG

As at 7 October 2022, being the latest practicable date in the Application Proof, AAG has nine (9) principal subsidiaries. Details of these nine (9) principal subsidiaries, and their principal activities and principal place of business, are as follows:

Name of subsidiary	Effective interest held by AAG (%)	Principal business activities	Country of incorporation
Dongying AustAsia Modern Dairy Farm Co., Ltd.	100.0	Production and sales of raw milk	PRC
Tai'an AustAsia Modern Dairy Farm Co., Ltd.	100.0	Production and sales of raw milk	PRC
Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd.	100.0	Production and sales of raw milk	PRC
Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd.	100.0	Production and sales of raw milk	PRC
Dongying AustAsia Beef Co., Ltd.	100.0	Breeding and sales of beef cattle	PRC
Shanghai AustAsia Food Co., Ltd.	100.0	Trading, wholesale and distribution of milk products	PRC
Chifeng AustAsia Modern Dairy Farm Co., Ltd.	100.0	Production and sales of raw milk	PRC
Pure Source Dairy Farm Co., Ltd.	100.0	Production and sales of raw milk	PRC
Shandong AustAsia Feed Technology Co., Ltd.	100.0	Production and supply of feed	PRC

**APPENDIX 5 – PRO FORMA UNAUDITED FINANCIAL INFORMATION
OF THE AAG GROUP**

1. PRO FORMA UNAUDITED CONSOLIDATED INCOME STATEMENTS OF THE AAG GROUP FOR FY2019, FY2020, FY2021 AND 6M2022

	FY2019	FY2020	FY2021	6M2022
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	471,471	547,515	564,326	296,716
Cost of sales	(318,226)	(366,417)	(389,649)	(220,255)
Gross profit	153,245	181,098	174,677	76,461
Marketing and distribution costs	(39,664)	(33,300)	(18,911)	(9,529)
Administrative expenses	(24,417)	(33,528)	(43,028)	(24,806)
Operating profit	89,164	114,270	112,738	42,126
Interest income	337	482	611	249
Finance costs	(18,195)	(19,063)	(21,635)	(14,030)
Foreign exchange adjustments (loss)/gain	(3,092)	147	(3,235)	(2,142)
Changes in fair value of biological assets	(10,924)	7,267	8,275	2,267
Others	3,812	1,561	10,251	2,568
Profit before tax	61,102	104,664	107,005	31,038
Income tax expense	(5,817)	(959)	(2,434)	(1,459)
Profit, net of tax	55,285	103,705	104,571	29,579
Profit attributable to owners of the parent, net of tax (“PATMI”)	55,285	86,479	78,632	18,487
Profit attributable to non-controlling interests, net of tax	–	17,226	25,939	11,092
Profit, net of tax	55,285	103,705	104,571	29,579
Attributable to owners of the parent: Core PATMI without forex	69,738	98,628	83,325	22,333

Notes:

- (1) The *pro forma* unaudited consolidated income statements of the AAG Group for FY2019, FY2020, FY2021 and 6M2022 are based on the figures used by Japfa to consolidate the AAG Group for the purposes of the consolidated financial statements of the Japfa Group for FY2019, FY2020, FY2021 and 6M2022, respectively. As such, the figures contained in this Appendix 5 may differ from the figures disclosed in the Application Proof and the Listing Document of AAG, which are prepared in accordance with the requirements of the listing rules of the SEHK.
- (2) FY2019 and FY2020 figures above include consolidation of Greenfields Dairy Singapore Pte. Ltd. and its subsidiaries (collectively, “Dairy-SEA”). Dairy-SEA is a vertically integrated business comprising dairy farming to branded dairy products in Southeast Asia. Dairy-SEA was sold at the end of 2020 and is no longer consolidated from 1 January 2021.
- (3) The “Core PATMI” has been derived from the “Profit attributable to owners of the parent, net of tax” by excluding (a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, (b) changes in fair value of derivatives, and (c) extraordinary items, attributable to the owners of the parent. The “Core PATMI without forex” is an estimate derived from the Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gain/losses.

**APPENDIX 5 – PRO FORMA UNAUDITED FINANCIAL INFORMATION
OF THE AAG GROUP**

**2. PRO FORMA UNAUDITED CONSOLIDATED BALANCE SHEETS OF THE AAG GROUP
FOR FY2019, FY2020, FY2021 AND 6M2022**

	FY2019 US\$'000	FY2020 US\$'000	FY2021 US\$'000	6M2022 US\$'000
Non-current assets				
Property, plant and equipment	283,876	295,252	416,358	407,212
Right-of-use assets	43,449	47,256	161,201	155,135
Intangible assets	2,125	809	780	631
Biological assets	348,564	369,948	455,006	496,930
Deferred tax assets	347	0	0	0
Other receivables	13,151	16,407	11,855	12,028
Other financial assets	1,258	1,233	816	816
Other assets	1,575	2,805	8,071	7,329
	694,345	733,710	1,054,087	1,080,081
Current assets				
Inventories	84,879	152,341	232,573	171,844
Trade and other receivables	61,731	36,220	46,992	50,262
Other assets	22,010	9,194	19,668	25,489
Cash at banks	49,300	44,939	23,248	48,040
	217,920	242,694	322,481	295,635
Current liabilities				
Income tax payable	903	688	1,298	1,297
Trade and other payables	126,583	96,859	148,066	128,516
Loans and borrowings	73,868	70,787	65,556	108,482
Lease liabilities	2,594	3,869	5,451	13,658
Other financial liabilities	996	3,947	0	0
Other liabilities	1,063	2,545	2,818	2,416
	206,007	178,695	223,189	254,369
Net current assets	11,913	63,999	99,292	41,266

**APPENDIX 5 – PRO FORMA UNAUDITED FINANCIAL INFORMATION
OF THE AAG GROUP**

	FY2019 US\$'000	FY2020 US\$'000	FY2021 US\$'000	6M2022 US\$'000
Non-current liabilities				
Defined benefit plan liabilities	3,409	0	0	0
Deferred tax liabilities	3,093	0	600	1,000
Other payables	4,100	25,547	15,036	33,510
Loans and borrowings	117,230	71,854	202,422	167,931
Lease liabilities	35,651	46,466	145,705	136,944
Other financial liabilities	1,859	0	0	0
Other liabilities	2,216	2,174	3,423	3,074
	167,558	146,041	367,186	342,459
Net assets	538,700	651,668	786,193	778,888
Equity attributable to equity holders of the Company	538,700	488,751	491,371	486,805
Non-controlling interests	0	162,917	294,822	292,083
Total equity	538,700	651,668	786,193	778,888

Note:

- (1) The *pro forma* unaudited consolidated balance sheet of the AAG Group for FY2019, FY2020, FY2021 and 6M2022 are based on the figures used by Japfa to consolidate the AAG Group for the purposes of the consolidated financial statements of the Japfa Group for FY2019, FY2020, FY2021 and 6M2022, respectively.

APPENDIX 6 – PRO FORMA UNAUDITED FINANCIAL INFORMATION OF JAPFA ANIMAL PROTEIN

1. UNAUDITED CONSOLIDATED INCOME STATEMENT OF JAPFA ANIMAL PROTEIN FOR FY2021 AND 6M2022

	FY2021	6M2022
	US\$'000	US\$'000
Revenue	4,091,782	2,213,353
Cost of sales	(3,459,670)	(1,876,217)
Gross profit	632,112	337,136
Marketing and distribution costs	(130,382)	(72,477)
Administrative expenses	(282,947)	(136,055)
Operating profit	218,783	128,604
Interest income	4,310	1,532
Finance costs	(76,526)	(40,504)
Foreign exchange adjustments loss	(8,328)	(1,868)
Changes in fair value of biological assets	(2,894)	(4,554)
Share of results of associate and joint ventures	975	843
Others	23,502	1,832
Profit before tax	159,822	85,885
Income tax expense	(51,675)	(21,150)
Profit, net of tax	108,147	64,735
Profit attributable to owners of the parent, net of tax (“PATMI”)	40,201	25,525
Profit attributable to non-controlling interests, net of tax	67,946	39,210
Profit, net of tax	108,147	64,735
Attributable to owners of the parent:		
Core PATMI without forex	49,363	31,252

Notes:

- (1) The consolidated income statement of Japfa Animal Protein for FY2021 and 6M2022 is computed based on (a) information from the consolidated profit and loss statement of the Group for FY2021 and 6M2022, respectively; after (b) adding back the transactions between Japfa Animal Protein and the AAG Group for FY2021 and 6M2022, respectively; and (c) deducting the corresponding amounts in the unaudited consolidated income statement of the AAG Group for FY2021 and 6M2022, respectively.
- (2) The “Core PATMI” is derived from the “Profit attributable to owners of the parent, net of tax” by excluding (a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, (b) changes in fair value of derivatives, and (c) extraordinary items, attributable to the owners of the parent. The “Core PATMI without forex” is an estimate derived from the Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gain/losses.

**APPENDIX 6 – PRO FORMA UNAUDITED FINANCIAL INFORMATION OF
JAPFA ANIMAL PROTEIN**

**2. UNAUDITED CONSOLIDATED BALANCE SHEET OF JAPFA ANIMAL PROTEIN FOR
FY2021 AND 6M2022**

	FY2021 US\$'000	6M2022 US\$'000
Non-current assets		
Property, plant and equipment	925,299	935,494
Right-of-use assets	175,710	212,654
Investment properties	25,874	24,493
Intangible assets	13,763	13,683
Investments in associate and joint ventures	34,368	34,098
Biological assets	56,992	50,198
Deferred tax assets	36,412	38,250
Real estate assets	69,158	66,640
Other receivables	1,139	1,095
Other financial assets	17,436	14,743
Other assets	35,552	41,701
	1,391,703	1,433,049
Current assets		
Inventories	888,266	1,106,598
Biological assets	108,839	109,079
Trade and other receivables	215,420	217,507
Other financial assets	2,552	4,399
Other assets	52,054	75,002
Cash at banks	297,318	251,808
	1,564,449	1,764,393
Current liabilities		
Income tax payable	21,239	13,949
Trade and other payables	285,584	318,521
Loans and borrowings	508,231	621,212
Lease liabilities	18,939	21,218
Other financial liabilities	152	–
Other liabilities	14,724	12,426
	848,869	987,326
Net current assets	715,580	777,067

APPENDIX 6 – PRO FORMA UNAUDITED FINANCIAL INFORMATION OF JAPFA ANIMAL PROTEIN

	FY2021	6M2022
	US\$'000	US\$'000
Non-current liabilities		
Defined benefit plan liabilities	88,643	89,328
Deferred tax liabilities	5,387	3,005
Other payables	573	620
Loans and borrowings	532,687	633,333
Lease liabilities	117,555	152,525
Other financial liabilities	1,249	781
Other liabilities	930	893
	747,024	880,485
Net assets	1,360,259	1,329,631
Equity		
Share Capital	504,453	504,438
Treasury shares	(14,125)	(11,058)
Retained earnings	628,896	615,373
Other reserves	6,451	(2,225)
Translation reserve	(190,074)	(195,625)
	935,601	910,903
Equity attributable to equity holders of the Company	935,601	910,903
Non-controlling interests	424,658	418,728
	1,360,259	1,329,631
Total equity	1,360,259	1,329,631

Note:

- (1) The consolidated balance sheet of Japfa Animal Protein for FY2021 and 6M2022 is computed based on (a) information from the consolidated balance sheet of the Group for FY2021 and 6M2022, respectively; after (b) adding back the trade and other receivable outstanding balances between Japfa Animal Protein and the AAG Group for FY2021 and 6M2022, respectively; and (c) deducting the corresponding amounts in the unaudited consolidated balance sheet of the AAG Group for FY2021 and 6M2022, respectively.

APPENDIX 7 – PROPOSED BOARD AND MANAGEMENT OF JAPFA ANIMAL PROTEIN AND THE AAG GROUP

The following key persons and their envisaged roles in Japfa Animal Protein and the AAG Group (subject to concurrence of the SEHK) have been identified or appointed in conjunction with the Proposed Listing:

	The Group	Japfa Animal Protein	AAG Group
Directors	Mr. Tan Yong Nang <i>(Executive Director and Chief Executive Officer)</i>	Mr. Tan Yong Nang <i>(Executive Director and Chief Executive Officer)</i>	Mr. Tan Yong Nang <i>(Executive Chairman and Executive Director)</i>
	Mr. Kevin John Monteiro <i>(Executive Director and Chief Financial Officer)</i>	Mr. Kevin John Monteiro <i>(Executive Director and Chief Financial Officer)</i>	Mr. Edgar Dowse Collins <i>(Executive Director and Chief Executive Officer)</i>
	Mr. Hendrick Kolonas <i>(Non-Executive Director)</i>	Mr. Hendrick Kolonas <i>(Non-Executive Director)</i>	Mr. Yang Ku <i>(Executive Director and Chief Operating Officer)</i>
	Mr. Ng Quek Peng <i>(Lead Independent Director)</i>	Mr. Ng Quek Peng <i>(Lead Independent Director)</i>	Ms. Gao Lina <i>(Executive Director)</i>
	Ms. Lien Siaou-Sze <i>(Independent Director)</i>	Ms. Lien Siaou-Sze <i>(Independent Director)</i>	Mr. Hirata Toshiyuki <i>(Non-Executive Director)</i>
	Mr. Manu Bhaskaran <i>(Independent Director)</i>	Mr. Manu Bhaskaran <i>(Independent Director)</i>	Mr. Sun Patrick <i>(Proposed Independent Non-Executive Director)</i>
	Mr. Tan Kian Chew <i>(Independent Director)</i>	Mr. Tan Kian Chew <i>(Independent Director)</i>	Mr. Li Shengli <i>(Proposed Independent Non-Executive Director)</i>
	Mr. Chia Wee Boon <i>(Independent Director)</i>	Mr. Chia Wee Boon <i>(Independent Director)</i>	Mr. Chang Pan, Peter <i>(Independent Non-Executive Director)</i>

APPENDIX 7 – PROPOSED BOARD AND MANAGEMENT OF JAPFA ANIMAL PROTEIN AND THE AAG GROUP

	The Group	Japfa Animal Protein	AAG Group
Key Management	Mr. Edgar Dowse Collins <i>(Head of Dairy)</i>	Mr. Antonius Harwanto <i>(Deputy Chief Operating Officer, Operation 1 – Poultry Indonesia)</i>	Mr. Chen Yuan <i>(Chief Finance Officer)</i>
	Mr. Antonius Harwanto <i>(Deputy Chief Operating Officer, Operation 1 – Poultry Indonesia)</i>	Ms. Christina Chua Sook Ping <i>(Head of Legal and Compliance)</i>	Mr. Kang Kim Liang <i>(Head of Corporate Finance)</i>
	Ms. Christina Chua Sook Ping <i>(Head of Legal and Compliance)</i>	Mr. Arif Widjaja <i>(Country Head, Japfa Comfeed Vietnam Limited Company)</i>	Mr. Zhang Haicheng <i>(Operations General Manager)</i>
	Mr. Arif Widjaja <i>(Country Head, Japfa Comfeed Vietnam Limited Company)</i>	–	Mr. Sun Lizhi <i>(Finance Controller)</i>
	–	–	Mr. Liu Qianjin <i>(Vice-President)</i>
	–	–	Mr. Sun Jingfeng <i>(General Manager of Inner Mongolia Region)</i>
	–	–	Mr. Wu Wenzai <i>(General Manager of Shandong Region)</i>
	–	–	Mr. Yu Hongfu <i>(Technical Controller for Nutrition)</i>
	–	–	Mr. Wei Junshuai <i>(Technical Controller for Quality Control)</i>
	–	–	Mr. Mei Cheng <i>(Technical Controller for Genetics and Reproduction)</i>

APPENDIX 8 – IFA LETTER



W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street, #43-01 OCBC Centre
Singapore 049513

15 October 2022

The independent Directors of Japfa Ltd. who are considered independent in relation to the Proposed Supply Agreement (the “**Independent Directors**”)

Mr Ng Quek Peng	<i>(Lead Independent Director)</i>
Ms Lien Siauou-Sze	<i>(Independent Director)</i>
Mr Manu Bhaskaran	<i>(Independent Director)</i>
Mr Tan Kian Chew	<i>(Independent Director)</i>
Mr Chia Wee Boon	<i>(Independent Director)</i>

Dear Sirs,

THE PROPOSED ENTRY INTO A SUPPLY AGREEMENT FOR RAW MATERIALS BETWEEN AUSTASIA GROUP PTE. LTD. (FORMERLY KNOWN AS AUSTASIA INVESTMENT HOLDINGS PTE. LTD.) AND ANNONA PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the circular to shareholders of the Company (“**Shareholders**”) dated 15 October 2022 (the “**Circular**”).*

1. Introduction

We refer to the Company’s announcement on 29 March 2022 in relation to the submission of an application to The Stock Exchange of Hong Kong Limited (“**SEHK**”) in connection with the proposed listing of AustAsia Group Pte. Ltd. (formerly known as AustAsia Investment Holdings Pte. Ltd.) (“**AAG**”) on the Main Board of the SEHK (“**Proposed Listing**”). In connection with the Proposed Listing, the Company is proposing to distribute its shareholding in AAG to Shareholders of the Company as at the Record Date in proportion to their respective shareholdings in the Company as at the Record Date, fractional entitlements (where applicable) to be disregarded (“**Proposed Distribution**”).

As at the Latest Practicable Date, both AAG and Annona Pte. Ltd. (“**Annona**”) are subsidiaries of the Company. AAG is currently a principal subsidiary of the Company and the holding company of the Company’s dairy farming business. AAG together with its subsidiaries (the “**AAG Group**”) carries on dairy farming, raw milk production, and beef cattle operations in China. On the other hand, Annona is a wholly-owned subsidiary of the Company and was established in 2009 as a global trading company for the purpose of aggregating the purchase of agricultural commodities, premixes and vitamins of the Group so as to procure better terms from suppliers and borrowing terms from lenders.

APPENDIX 8 – IFA LETTER

Annona intends to enter into the Proposed Supply Agreement with AAG. Further details on Annona and the Proposed Supply Agreement are set out in Paragraphs 3 and 4 of this IFA Letter. In connection with and upon completion of the Proposed Listing and the Proposed Distribution, AAG would be considered as an “interested person” of the Company under the Listing Manual of the SGX-ST (“**Listing Manual**”). Accordingly, the Proposed Supply Agreement entered into by AAG with Annona, which was previously not considered as an “interested person transaction”, would constitute as an “interested person transaction” under Chapter 9 of the Listing Manual following the completion of the Proposed Distribution.

Pursuant to Rule 921(4)(a) of the Listing Manual, the Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) to express an opinion on whether the Proposed Supply Agreement, being an interested person transaction (“**IPT**”), is on normal commercial terms and whether the Proposed Supply Agreement is prejudicial to the interests of the Company and its minority Shareholders (“**Minority Shareholders**”), as well as to advise the Independent Directors for the purposes of making recommendations to the Minority Shareholders in respect of the Proposed Supply Agreement. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation and opinion on the Proposed Supply Agreement and forms part of the Circular issued by the Company to its Shareholders in connection with the Proposed Supply Agreement.

2. Terms of reference

W Capital has been appointed as the IFA to the Independent Directors in respect of the Proposed Supply Agreement as an IPT. We were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed Supply Agreement, nor were we involved in the deliberation leading up to the decision on the part of the directors of the Company (“**Directors**”) to enter into the Proposed Supply Agreement. Further, we do not warrant the merits of the Proposed Supply Agreement, other than to express an opinion on whether the Proposed Supply Agreement as an IPT is on normal commercial terms and whether the Proposed Supply Agreement is prejudicial to the interests of the Company and its Minority Shareholders, and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Supply Agreement.

In the course of our evaluation, we have held discussions with the management of the Company (“**Management**”) and have examined and relied to a considerable extent on publicly available information collated by us, as well as information provided and representations made to us, both written and verbal, by the Directors and/or the Management, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. In this regard, we noted that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Director’s Responsibility Statement” in Section 17.1 of the Circular.

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For the purpose of assessing the terms of the Proposed Supply Agreement as an IPT, we have not relied upon any financial projections in respect of the Company and/or the Group and we have not conducted a comprehensive review of the business, operations and financial condition of the Group. We have not made any independent appraisal of the assets, liabilities and/or profitability of the Company and its subsidiaries (the “**Group**”) and we do not express a view on the financial position, future growth prospects and earning potential of the Company as a result of its decision to enter into the Proposed Supply Agreement. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group or its subsidiaries, where applicable.

Our opinion as set out in this IFA Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of 7 October 2022 (“**Latest Practicable Date**” or “**LPD**”) and the information and representations provided to us as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed Supply Agreement, which may be released by the Company after the Latest Practicable Date.

In rendering our opinion and advice in relation to the Proposed Supply Agreement, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. Accordingly, any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

We have prepared this IFA Letter pursuant to the requirements under Rule 921(4)(a) of the Listing Manual as well as for the use of the Independent Directors in connection with their consideration of the Proposed Supply Agreement as an IPT and their advice to the Shareholders arising thereof. The recommendations made to Shareholders in relation to the Proposed Supply Agreement remains the responsibility of the Independent Directors.

Our opinion in relation to the Proposed Supply Agreement should be considered in the context of the entirety of this IFA Letter and the Circular.

3. Information on Annona and its arrangement with other entities of the Group

Annona is a wholly-owned subsidiary of the Company and operates as the procurement arm for the Group. Annona purchases raw materials in bulk from third party suppliers for resale to its customers who use these raw materials in the production of animal feed. Almost all the customers of Annona are related entities of the Group and total third-party sales constituted less than 0.5% of Annona’s total revenue for FY2021. The aggregate purchase amounts paid by AAG to Annona for the supply of the Goods to the continuing operations of AAG for FY2019, FY2020, FY2021 and 6M2022 were US\$15.0 million, US\$18.4 million, US\$19.8 million and US\$11.9 million, respectively.

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Based on the forecasted demand of its customers, Annona will identify and select raw material suppliers by liaising with various unrelated vendors and will then enter into contracts for the purchase of raw materials from these suppliers. Purchases are made based on the forecasted demand, current spot and futures price of the raw materials, as well as Annona's expectation of future price movements and the purchased raw materials are then sold to the respective customers at the point when these customers place purchase orders with Annona based on prevailing market prices and taking into consideration its cost of financing for the credit term extended for each purchase order. Since there is no obligation for its customers to only purchase from Annona or for Annona to only supply its existing customers, there is a need for Annona to keep its resale pricing competitive and for the terms to be commercially acceptable to both parties.

We understand from the Management that there is also an existing supply agreement since 2010 ("**Existing Agreement**") between Annona and PT Japfa Comfeed Indonesia Tbk ("**PT Japfa Tbk**"), the Company's 55.4%-owned subsidiary in Indonesia, where Annona agrees to sell raw materials ranging from various type of soya bean meals, corn, corn meal, grains, meat and other raw materials to PT Japfa Tbk and PT Japfa Tbk agrees to buy those raw materials from Annona. The Existing Agreement between Annona and PT Japfa Tbk is valid for a term of five (5) years and is automatically renewed for further periods of five (5) years unless both parties mutually agree not to extend the terms of the Existing Agreement.

4. Details of the Proposed Supply Agreement

The principal terms of and further information on the Proposed Supply Agreement can be found in Section 10.3 of the Circular and we recommend that Shareholders read those pages of the Circular carefully. We have extracted the principal terms of the Proposed Supply Agreement and set out in italics below:

"As at the Latest Practicable Date, it is envisaged that the principal terms of the Proposed Supply Agreement are as follows:

(a) Principal Terms

Duration: *The Proposed Supply Agreement is for an initial term commencing from the Listing Date and expiring on 31 December 2024 ("**Initial Term**") and thereafter will be automatically renewed for successive terms of three (3) years subject to compliance with the relevant requirements of the listing rules of the SGX-ST and the SEHK, unless either party terminates such agreement by giving one (1) month's written notice.*

Trading Margin: *Pursuant to the Proposed Supply Agreement, Annona has agreed to supply feed (such as alfalfa, hay and oats) and other agriculture commodities, premixes and vitamins ("**Goods**") on normal commercial terms and on CIF (cost, insurance, freight) at the prevailing market price of similar Goods, subject to an overall trading margin which is capped at Annona's earnings before interest and tax for each financial year of 5% ("**Trading Margin**"). There is no obligation on AAG to purchase or Annona to supply any Goods.*

Annual Caps: *The maximum annual purchase amounts payable by the AAG Group to Annona pursuant to the Proposed Supply Agreement for the supply of the Goods for FY2022, FY2023 and FY2024 are capped at US\$32 million, US\$39 million and US\$42 million, respectively.*

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(b) Further Information

As market price for commodities is highly volatile, the market price is determined on a spot-basis at the time of each transaction. On a weekly basis, Annona obtains quotations from global commodity traders to monitor market price movements. While not all trades will result in the same profit margin for Annona, over each financial year, Annona's trading margins and profits fall within the range of its competitors as benchmarked by independent consultants to Annona.

After the end of each financial year, Annona shall issue a letter to AAG signed by Annona's financial controller, confirming Annona's Trading Margin for such financial year and setting out reasonable details by which the Trading Margin was arrived at. In the event that the Trading Margin is in excess of 5%, Annona shall repay AAG by providing a subsequent discount for future purchases by AAG. In the event that AAG does not accept the determination of the financial controller of Annona, it shall be entitled to require confirmation of such determination by Annona's auditors (acting as experts and not as arbitrators). Annona shall bear the cost of such audit if Annona's auditors disagree with Annona's determination, and AAG shall bear the cost of such audit, if AAG's auditors confirm its determination.

In the event AAG decides to purchase Goods from Annona and Annona agrees to supply such Goods, AAG will issue a purchase order setting out the type, quantity and purchase price of the Goods. The purchase price of the Goods shall be due and payable in full within 120 days from the date of the invoice according to the terms of payment required by Annona and agreed to by AAG in each purchase order. Annona supplies Goods to the subsidiaries of the Company on the same basis and manner as AAG, including the credit term of 120 days. At present and prior to the Proposed Distribution, Annona has been supplying to the AAG Group on the same basis and manner and neither Annona nor AAG intend to change the basis and manner of their trading relationship.

The aggregate purchase amounts paid by AAG to Annona for the supply of the Goods to the continuing operations of the AAG Group for FY2019, FY2020, FY2021 and 6M2022 were approximately US\$15.0 million, US\$18.4 million, US\$19.8 million and US\$11.9 million, respectively, which represents 3.1%, 2.7%, 3.7% and 4.7% of the Group's EBITDA for FY2019, FY2020, FY2021 and 6M2022, respectively."

5. Evaluation of the Proposed Supply Agreement

In arriving at our opinion on whether the Proposed Supply Agreement is on normal commercial terms and whether the Proposed Supply Agreement is prejudicial to the interests of the Company and its Minority Shareholders, we have given due consideration to, *inter alia*, the following:

- (i) Rationale for and benefits of the Proposed Supply Agreement;
- (ii) Assessment on the determination of pricing set out in the Proposed Supply Agreement;
- (iii) Reasonableness of the payment terms of the Proposed Supply Agreement; and
- (iv) Other relevant considerations.

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5.1 Rationale for and benefits of the Proposed Supply Agreement

We have considered the rationale stated by the Company for the Proposed Supply Agreement which is set out in Section 10.5 of the Circular and have reproduced them in italics below:

“Annona was established in 2009 as a global trader under Enterprise Singapore for the purpose of aggregating the purchase of agricultural commodities, premixes and vitamins of the Group so as to procure better terms from suppliers and borrowing terms from lenders. Annona’s provision of trade credit of up to 120 days also enables the Group companies who are customers to benefit from Annona’s cost of borrowings.

Annona, a wholly-owned subsidiary of the Company, has been supplying, and will continue to supply the Goods to the subsidiaries of the Company and the AAG Group. The Proposed Supply Agreement allows Annona to retain the AAG Group as a customer following the Proposed Distribution. The additional volume from the supply of Goods to the AAG Group can be used by Annona to negotiate for better terms for its purchases of the Goods for onward sale to all of its customers whether it is to the subsidiaries of the Company or to the AAG Group, and the Company will continue to earn a margin on the sale of the Goods to the AAG Group.”

5.2 Assessment on the determination of pricing set out in the Proposed Supply Agreement

We understand from the Management that the pricing of the products sold by Annona to its customers (who are mainly related parties) is determined based on prevailing market prices taking into account its cost of financing for the credit term extended for each purchase order and Annona earning an “arm’s length” margin for supplying these customers with their required raw materials and that Annona supplies to all Group companies on the same basis and manner as AAG.

The arm’s length principle is the international standard to guide transfer pricing and requires transactions with a related party to be made under comparable conditions and circumstances as a transaction with an independent party. In this regard, we note that pursuant to the Proposed Supply Agreement, Annona has agreed to supply the Goods to AAG Group at the prevailing market price of similar goods and subject to an overall trading margin which is capped at 5% of Annona’s earnings before interest and tax (“**EBIT**”) for each financial year.

In assessing the reasonableness of the 5% EBIT margin cap, we have considered the historical EBIT margins achieved by Annona in the last three (3) financial years ended 31 December (“**FY**”) 2019, FY2020 and FY2021 and also referred to selected companies listed with business operations that are broadly comparable with those of Annona to provide an indication of the EBIT margin of such businesses (collectively, the “**Comparable Companies**”).

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The historical EBIT margins of Annona for the last three financial years FY2019, FY2020 and FY2021 are set out below:

Annona	FY2021	FY2020	FY2019
	US\$' million	US\$' million	US\$' million
Revenue	786.8	504.3	464.6
EBIT	13.0	10.0	13.0
EBIT margin (%)	1.7%	2.0%	2.8%

Source: Company

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The comparison of EBIT margins of the Comparable Companies for the last three (3) financial years are set out below:

Companies	Currency Denomination	Country	2019			2020			2021			Weighted average EBIT margin
			Revenue	EBIT	EBIT margin	Revenue	EBIT	EBIT margin	Revenue	EBIT	EBIT margin	
Olam International	S\$'000	Singapore	32,993	1,057	3.2%	35,820	1,070	3.0%	47,002	1,423	3.0%	3.1%
Wilmar International	US\$'000	Singapore	42,641	1,971	4.6%	50,527	2,209	4.4%	65,794	2,763	4.2%	4.4%
Amsterdam Commodities NV	€'million	Netherlands	701	47	6.7%	707	40	5.7%	1,254	80	6.4%	6.3%
Grain Corp	A\$'million	Australia	4,850	(74)	(1.5%)	3,661	44	1.2%	5,492	224	4.1%	1.4%
PT FKS Multi Agro Tbk	US\$'million	Indonesia	1,022	23	2.3%	990	31	3.1%	–	–	–	2.7%
Godrej Agrovet	INR'million	India	58,989	3,577	6.1%	68,158	3,404	5.0%	62,396	4,098	6.6%	5.8%
Agro Tech Foods Limited	INR'million	India	8,235	475	5.8%	8,351	389	4.7%	8,917	439	4.9%	5.1%
Archer-Daniels-Midland Company	US\$'million	United States	64,656	1,351	2.1%	64,355	1,686	2.6%	85,249	2,829	3.3%	2.7%
Nutrien Ltd	US\$'million	United States	20,084	1,862	9.3%	20,908	902	4.3%	27,712	4,781	17.3%	11.0%
Bunge Limited	US\$'million	United States	41,140	(953)	(2.3%)	41,404	1,427	3.4%	59,152	2,129	3.6%	1.8%
Minimum												1.4%
Lower quartile												2.7%
Median												3.7%
Upper quartile												5.7%
Maximum												11.0%

Source: Bloomberg and the respective companies' annual reports

Note:

(1) To negate the impact of outliers on the range of figures, we use the inter-quartile range in our analysis as representative of the arm's length range.

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Based on the above, it can be noted that:

- (i) the historical EBIT margins of Annona for FY2019, FY2020 and FY2021 of between 1.7% to 2.8% are within the range of the Comparable Companies of between 1.4% to 11.0%;
- (ii) the weighted average historical EBIT margins of Annona for FY2019, FY2020 and FY2021 of 2.1% is within the range of the Comparable Companies of between 1.4% to 11.0% but is below the inter-quartile range of the Comparable Companies of 2.7% to 5.7%;
- (iii) the 5% cap on the EBIT margin agreed pursuant to the Proposed Supply Agreement is within the inter-quartile range of the Comparable Companies of 2.7% and 5.7% and is at the higher end of the inter-quartile range; and
- (iv) the historical EBIT margins of Annona for the FY2019, FY2020 and FY2021 falls below the 5% EBIT margin cap agreed pursuant to the Proposed Supply Agreement.

In view of the above, we are of the view that the pricing policy applied by Annona is considered to be consistent with the arm's length principle and based on normal commercial terms and that the 5% EBIT margin cap is reasonable.

5.3 Reasonableness of the payment terms of the Proposed Supply Agreement

As mentioned in Paragraph 5.1 of this IFA Letter, the payment terms for the goods purchased by AAG shall be due and payable in full up to 120 days after the date of the invoice.

For purposes of our evaluation, we noted that the proposed payment terms under the Proposed Supply Agreement of up to 120 days falls within the current trade payment terms extended by Annona to its customers which ranges from 90 to 120 days. In addition, as mentioned under Paragraph 3 of this IFA Letter, the payment terms for each purchase order may vary as agreed between Annona and its customers at the time of the order, and Annona will then impute its cost of financing for the credit term extended in determining its pricing.

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5.4 Other relevant considerations

5.4.1 Substantially similar terms with the Existing Agreement

As mentioned in Paragraph 3 of this IFA Letter, Annona has entered into a similar supply agreement with PT Japfa Tbk since 2010 and in this regard, we note that the key terms of the Existing Agreement and the Proposed Supply Agreement, as summarised below, are substantially similar:–

	Existing Agreement	Proposed Supply Agreement
Basis of pricing	On CNF term (cost, no insurance, freight) at the prevailing market price	On CIF term (cost, insurance, freight) at the prevailing market price
Cap on margins	Capped at EBIT margin of 5.0% for each financial year	Capped at EBIT margin of 5.0% for each financial year
Payment credit terms	Up to 90 days after invoice date	Up to 120 days after invoice date
Exclusivity	Mutually non-exclusive	Mutually non-exclusive
Renewals	Automatically renewed for successive terms of three (3) years unless with written notice to terminate	Expires on 31 December 2024 and automatically renewed for successive terms of three (3) years unless with written notice to terminate

Note: CNF is similar to CIF except that in the case of CNF, insurance is arranged by the purchaser instead of the seller.

5.4.2 Review Procedures for IPTs with the AAG Group

The Audit and Risk Committee of the Company has established review procedures to ensure that the Proposed Supply Agreement and any other IPTs with the AAG Group, effective from the completion of the Proposed Distribution, are to be undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its Minority Shareholders. Under the review procedures, the IPT terms and pricing are to be consistent with the Company's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties and parties who are not interested persons (including other Group entities). The Audit and Risk Committee has also put in place procedures to identify the interested persons and monitor the IPTs entered into by the Group which are recorded into an IPT register that is subject to quarterly review by the Company's internal auditor reporting to the Audit and Risk Committee.

5.4.3 The Proposed Supply Agreement is mutually non-exclusive and may be terminated with notice

Notwithstanding that Annona has agreed to supply goods to AAG Group at the prevailing market price and restrict its trading margin to 5% of EBIT of each financial year, there are no obligations for AAG Group to only make purchases from Annona and also for Annona to only supply the raw materials to AAG Group.

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AAG Group has the options to procure goods from third parties, especially if the third-party sources are cheaper than Annona's resale prices, after giving due consideration to the dynamics of the markets which it serves. Similarly, Annona has the options to supply goods to third parties. We further understand from the Management that Annona makes ad-hoc sales to third party customers in small amounts on an as-requested basis.

Since there is no guarantee that the AAG Group will only purchase from Annona, it is necessary for Annona to maintain its competitive pricing under the Proposed Supply Agreement in order to retain the AAG Group as a customer following the Proposed Listing.

In addition, we note that either Annona or AAG Group may terminate the Proposed Supply Agreement by giving the other party at least one (1) month's written notice, without incurring any penalties for such termination.

6. OUR OPINION

In arriving at our opinion in relation to the Proposed Supply Agreement, we have considered and evaluated factors which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Paragraph 5 of this IFA Letter (which should be read in conjunction with, and in the full context of, the Circular and this IFA Letter), including, *inter alia*, the following:

- (i) the rationale for and benefits of the Proposed Supply Agreement, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (ii) assessment on the determination of pricing set out in the Proposed Supply Agreement, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (iii) assessment on the reasonableness of the payment terms of the Proposed Supply Agreement, details of which are set out in Paragraph 5.3 of this IFA Letter; and
- (iv) other relevant considerations, details of which are set out in Paragraph 5.4 of this IFA Letter.

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Supply Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is prepared as required under Rule 906 and Rule 921(4)(a) of the Listing Manual as well as addressed to the Independent Directors. The recommendation to be made by the Independent Directors to the Minority Shareholders shall remain the responsibility of the Independent Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of any matter relating to the Proposed Supply Agreement.

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This IFA Letter is governed by and construed in accordance with the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours Sincerely
For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Alicia Chang
Vice President
Corporate Finance

NOTICE OF EXTRAORDINARY GENERAL MEETING

JAPFA LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200819599W)

NOTICE OF EXTRAORDINARY GENERAL MEETING

This Notice has been made available on SGXNET and the Company's website and may be accessed at the URL <https://japfa.com/investors/general-report/agm-egm>.

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to shareholders of the Company dated 15 October 2022 (the "Circular").

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "**EGM**") of Japfa Ltd. (the "**Company**") will be held at York Hotel Singapore, Carlton Hall, Level 2, 21 Mount Elizabeth, Singapore 228516 on Monday, 7 November 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolutions set out below.

SPECIAL RESOLUTION

THE PROPOSED DISTRIBUTION

THAT conditional upon, and subject to (i) the SEHK Approval, and (ii) the approval of the High Court of the Republic of Singapore ("Court") for the Capital Reduction and the lodgement of the Order of Court with ACRA following the receipt of written notification of the SEHK Approval, approval be and is hereby given for:-

- (a) pursuant to Section 78G read with Section 78I of the Companies Act 1967 of Singapore (as amended from time to time) and Regulation 72(1) of the Constitution of the Company, the issued and paid-up capital of the Company be reduced by US\$580,983,838.25, and that such reduction be effected by the distribution *in specie* of the issued ordinary shares in the capital of AustAsia Group Pte. Ltd. (formerly known as AustAsia Investment Holdings Pte. Ltd.) (the "**AAG Shares**") held or to be held by the Company to shareholders of the Company as at the Record Date (as defined below) (collectively, the "**Entitled Shareholders**" and each an "**Entitled Shareholder**") (the "**Proposed Distribution**"), in proportion to their shareholdings in the Company, at such date and time to be determined by the directors of the Company ("**Directors**") and on which the Register of Members and the share transfer books of the Company will be closed (the "**Record Date**") and based on a distribution ratio to be fixed by the Company on or around the Record Date, fractional entitlements (where applicable) to be disregarded, free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is completed (to be determined by the Directors), except that for practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the AAG Shares will not be distributed to any Entitled Shareholder whose registered address as at the Record Date (as recorded in the Register of Members of the Company or in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**")) for the service of notices and documents is outside Singapore ("**Overseas Shareholders**") and who have not at least three (3) Market Days prior to the Record Date, provided the Company's Share Registrar (being Boardroom Corporate & Advisory Services Pte. Ltd.) at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632 or CDP (as the case may be) with addresses in Singapore for the service of notices and documents, and the Overseas Shareholders' entitlement to the AAG Shares pursuant to the Proposed Distribution shall be dealt with in the manner set out in paragraph (c) below;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) in the event that the Directors decide to undertake the distribution *in specie* of the Capitalised AAG Shares by way of a dividend *in specie*:
- (i) pursuant to Section 78G read with Section 78I of the Companies Act 1967 of Singapore (as amended from time to time) and Regulation 72(1) of the Constitution of the Company, the issued and paid-up capital of the Company be reduced by US\$555,443,741.25, and that such reduction be effected by the distribution *in specie* of the Existing AAG Shares held by the Company to the Entitled Shareholders; and
 - (ii) the Company makes a distribution of all the Capitalised AAG Shares to the Entitled Shareholders, by way of a dividend *in specie*, or otherwise dealt with in such manner and on such terms and conditions as the Directors deem fit,

(collectively, the “**Alternative Proposed Distribution**”),

in proportion to the shareholdings of the Entitled Shareholders in the Company as at the Record Date and based on a distribution ratio to be fixed by the Company on or around the Record Date, fractional entitlements (where applicable) to be disregarded, free of encumbrances and together with all rights attaching thereto on and from the date the Alternative Proposed Distribution is completed (to be determined by the Directors), except that for practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the AAG Shares will not be distributed to Overseas Shareholders and who have not at least three (3) Market Days prior to the Record Date, provided the Company’s Share Registrar (being Boardroom Corporate & Advisory Services Pte. Ltd.) at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632 or CDP (as the case may be) with addresses in Singapore for the service of notices and documents, and the Overseas Shareholders’ entitlement to the AAG Shares pursuant to the Alternative Proposed Distribution shall be dealt with in the manner set out in paragraph (c) below;

- (c) arrangements to be made for the Overseas Shareholders’ entitlement to the AAG Shares pursuant to the Proposed Distribution or the Alternative Proposed Distribution to be transferred to such person(s) as the Directors may appoint (the “**Appointed Broker**”), who shall, if practicable, sell these AAG Shares at prices prevalent at the time of sale and thereafter, distribute the aggregate amount of the net proceeds (including those of the Entitled Shareholders who have opted for the Sale Election), after deducting all dealing and other expenses in connection therewith, proportionately among such Entitled Shareholders who have opted for the Sale Election and the Overseas Shareholders according to their respective entitlements to the AAG Shares as at the Record Date in full satisfaction of their rights to the AAG Shares, provided that (i) where the net proceeds to which any particular Entitled Shareholder or Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company; and (ii) if the AAG Shares cannot for any reason be sold by the end of the sale period, the AAG Shares may be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, and in each case, no Entitled Shareholder or Overseas Shareholder shall have any claim whatsoever against the Company, AustAsia Group Pte. Ltd. (formerly known as AustAsia Investment Holdings Pte. Ltd.), DBS Bank Ltd., CDP, Boardroom Corporate & Advisory Services Pte. Ltd. or the Appointed Broker (where applicable) in connection therewith;
- (d) any fractional entitlements to AAG Shares to be disregarded, or otherwise dealt with in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit for the benefit of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (e) the Directors and each of them be and are hereby authorised to determine the distribution ratio on or around the Record Date based on, amongst others, the number of Shares in issue as at the Record Date, the number of the Existing AAG Shares, the number of the Capitalised AAG Shares, the Proposed Share Split and the price per AAG Share as at the IPO;
- (f) the Directors and each of them be and are hereby authorised to determine the amount to be appropriated out of the retained profits and/or distributable reserves of the Company to meet the value of the AAG Shares to be distributed to the Entitled Shareholders based on the carrying value of the AAG Shares in the accounts of the Company;
- (g) the Directors may, in their absolute discretion, apply for an extension of time from ACRA and/or the Court for the purpose of lodging the Order of Court approving the Capital Reduction with ACRA within the prescribed time frame under the Companies Act 1967 of Singapore, as may be amended or modified from time to time;
- (h) the Directors and each of them be and are hereby severally authorised to complete and to do all acts and things (including, without limitation, approving, modifying and executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Special Resolution; and
- (i) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to this Special Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Special Resolution and expiring on the earlier of:
 - (i) 30 June 2023; and
 - (ii) the date on which the authority conferred by this Special Resolution is revoked or varied by the Company in general meeting.

ORDINARY RESOLUTION

THE PROPOSED ENTRY INTO THE PROPOSED SUPPLY AGREEMENT AS AN INTERESTED PERSON TRANSACTION THAT:

- (a) approval be and is hereby given for the entry into the Proposed Supply Agreement (the principal terms of which are set out in Section 10 of the Circular) and all the transactions contemplated thereby; and
- (b) the Directors and each of them be and are hereby severally authorised to complete and to do all acts and things (including, without limitation, approving, modifying and executing all such documents as may be required) as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this Ordinary Resolution.

Note to Ordinary Resolution:

- (1) Pursuant to Rule 919 of the Listing Manual, each of Mr Renaldo Santosa and Ms Gabriella Santosa and their respective associates will abstain from voting on the Ordinary Resolution.

By Order of the Board of Directors

Tan Yong Nang
Executive Director and Chief Executive Officer
15 October 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Submission of questions in advance of the EGM

A member may submit substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM. To do so, all questions must be submitted by **2.00 p.m. on Tuesday, 25 October 2022** for the purposes of the EGM:

- (i) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
- (ii) by email to the Company's Share Registrar at japfaegm2022@boardroomlimited.com.

A member will be required to provide his/her/its full name and NRIC/FIN/Passport/Company Registration number for verification purposes.

The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM received from Shareholders either before the EGM on SGXNET and the Company's website at the URL <https://japfa.com/investors/general-report/agm-egm> before **2.00 p.m. on Tuesday, 1 November 2022** (being 72 hours prior to the last date and time for lodgement of Proxy Form) or during the EGM.

The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNET and the Company's website, and the minutes will include the responses to the questions referred to above.

2. Voting by proxy

A member who is unable to attend the EGM and wishes to appoint proxy(ies) to attend, speak and vote at the EGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the EGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

The instrument of proxy, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must:

- (i) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
- (ii) if sent by email, be received by the Company's Share Registrar at japfaegm2022@boardroomlimited.com,

in either case, by **2.00 p.m. on Friday, 4 November 2022** (being 72 hours before the time fixed for the EGM), and in default the instrument of proxy shall not be treated as valid.

Investors who hold Shares through relevant intermediaries (including SRS Investors) who wish to vote should approach their relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by **5.00 p.m. on Wednesday, 26 October 2022** (being at least seven (7) working days before the date of the EGM).

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

A proxy need not be a member of the Company.

The instrument appointing proxy(ies) or the Chairman of the EGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing proxy(ies) or the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing proxy(ies) or the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

The Company shall be entitled to reject the instrument appointing proxy(ies) or the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing proxy(ies) or the Chairman of the EGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing proxy(ies) or the Chairman of the EGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by the CDP to the Company.

Please refer to Section 16 of the Circular for more details on how members may attend and participate in the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting a proxy form appointing proxy(ies) or the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

JAPFA LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200819599W)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the EGM.
2. Investors who hold Shares through relevant intermediaries (including SRS Investors) who wish to vote should approach their relevant intermediaries (including their respective SRS Approved Banks) to submit their voting instructions by 5.00 p.m. on Wednesday, 26 October 2022 (being at least seven (7) working days before the date of the EGM).
3. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 15 October 2022.

*I/We _____ (Name)

_____ (NRIC/Passport Number/Company Registration Number)

of _____ (Address)

being a *member/members of Japfa Ltd. (“the **Company**”), hereby appoint:

Name	Address	NRIC/Passport Number	Number of Shareholdings	Proportion of Shareholdings (%)

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Number of Shareholdings	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Extraordinary General Meeting (“**EGM**”), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the EGM to be held at York Hotel Singapore, Carlton Hall, Level 2, 21 Mount Elizabeth, Singapore 228516 on Monday, 7 November 2022 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Special Resolution and the Ordinary Resolution to be proposed at the EGM as indicated hereunder. If no specific instructions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

NOTE: The Chairman of the EGM will be exercising his right under Regulation 86(2)(a) of the Constitution of the Company to demand a poll in respect of the Special Resolution and the Ordinary Resolution to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Special Resolution and the Ordinary Resolution at the EGM will be voted on by way of a poll.

	For*	Against*	Abstain*
SPECIAL RESOLUTION To approve the Proposed Distribution			
ORDINARY RESOLUTION To approve the proposed entry into the Proposed Supply Agreement as an Interested Person Transaction			

* If you wish to exercise all your votes “For”, “Against” or to abstain from voting on the Special Resolution and/or the Ordinary Resolution, please indicate with a “✓” within the box provided. Otherwise, please indicate the number of votes “For” or “Against” the Special Resolution and/or the Ordinary Resolution. If no specific instructions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

Dated this _____ day of _____ 2022

Total Number of Shares Held

Signature of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

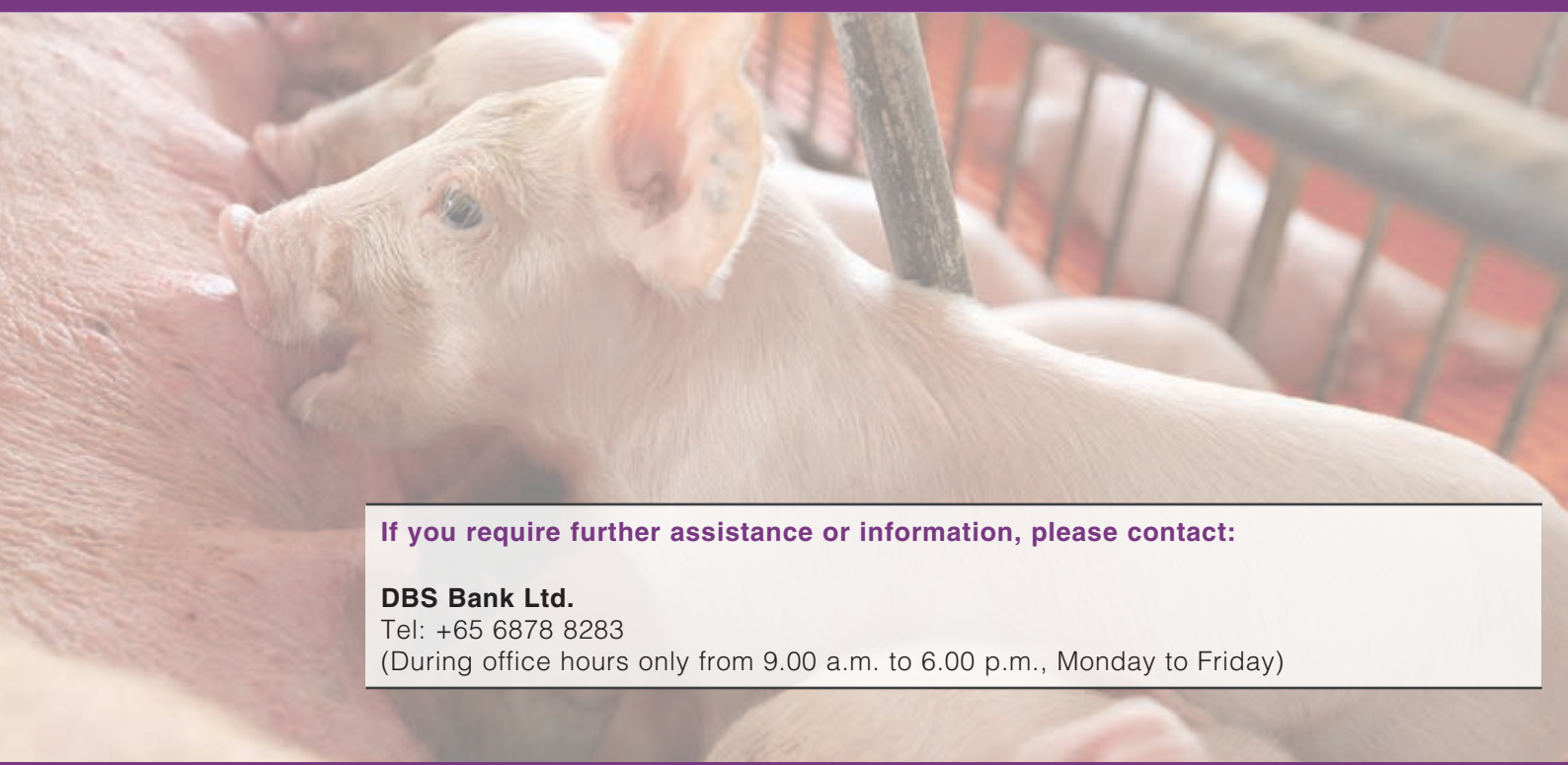


NOTES:-

1. If the member has Shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of Shares. If the member has Shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of Shares. If the member has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
2. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the EGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instructions as to voting are given, or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
3. A proxy need not be a member of the Company.
4. The instrument of proxy, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof must:
 - (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if sent by email, be received by the Company's Share Registrar at japfaegm2022@boardroomlimited.com,
in either case, by **2.00 p.m. on Friday, 4 November 2022** (being 72 hours before the time fixed for the EGM), in default the instrument of proxy shall not be treated as valid.
5. The instrument appointing proxy(ies) or the Chairman of the EGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing proxy(ies) or the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 of Singapore or under the hand of an attorney or officer duly authorised, or in some other manner approved by the Directors.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
7. Where the instrument appointing proxy(ies) or the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
9. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy (expressed as a percentage as a whole) shall be specified in the instrument of proxy.
10. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's instrument of proxy appoints more than two (2) proxies, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
11. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the instrument of proxy. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

VOTE TODAY TO BECOME A SHAREHOLDER OF TWO LEADING AGRI-FOOD BUSINESSES



If you require further assistance or information, please contact:

DBS Bank Ltd.

Tel: +65 6878 8283

(During office hours only from 9.00 a.m. to 6.00 p.m., Monday to Friday)

IMPORTANT NOTICE

The information in this gatefold is a summary of and is qualified in its entirety by, and should be read in conjunction with, the full information contained in the rest of this Circular and the Notice of EGM. In the event of any inconsistency or conflict between the terms of this gatefold and the rest of this Circular, the terms set out in the rest of this Circular shall prevail.

Nothing in this gatefold is intended to be, or shall be taken as, advice, recommendation or solicitation to the Shareholders or any other party. Shareholders are advised to exercise caution when dealing in their Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information set out in this Circular, including but not limited to the recommendation of the Directors in respect of the Proposed Distribution as well as the recommendation of the Independent Directors and the opinion of the IFA in respect of the Proposed Supply Agreement.