

THE JAPFA DISTRIBUTION AND THE LISTING

THE JAPFA DISTRIBUTION

Information on the Japfa Distribution

On 29 March 2022, Japfa, which is listed on the Mainboard of the SGX-ST, announced the Company’s submission of its application for the Listing and in connection thereto, the conditional proposal to distribute its 62.5% shareholding interest in the Company to the Entitled Japfa Shareholders.

Further to Japfa’s announcement on 29 March 2022, Japfa intends to undertake the capitalisation of all the outstanding loans owed to Japfa by the Company prior to the Japfa Distribution and in return receive such number of Capitalisation Shares issued to it based on the final Offer Price. See “*Financial Information – Indebtedness – Loans from a Shareholder*” for details.

As such, the Japfa Distribution will be effected by way of a distribution *in specie* of the Shares to the Entitled Japfa Shareholders by way of Capital Reduction pursuant to Section 78G read with Section 78I of the Singapore Companies Act, in proportion to their respective shareholdings in Japfa held as at the Record Date, with fractional entitlements (where applicable) to be disregarded. The Japfa Distribution will comprise the Shares currently held by Japfa together with the Capitalisation Shares.

The Capital Reduction will be effected by reducing Japfa’s issued capital by US\$[REDACTED], based on Japfa’s cost of investment in the Company and the aggregate amount of the capitalisation of the outstanding loans, but there will not be any cancellation of or reduction in the number of issued and paid up Japfa Shares.

Japfa intends to distribute the Shares to the Entitled Japfa Shareholders on a *pro rata* basis. The number of Capitalisation Shares to be received and held by Japfa will be determined based on the final Offer Price.

The actual distribution ratio for the Japfa Distribution will be fixed by Japfa on or around the Record Date and will be determined based on, amongst others, the number of Japfa Shares in issue as at the Record Date, the number of the Shares currently held by Japfa, the number of the Capitalisation Shares, the Share Split and the final Offer Price. Where possible, Japfa will, in considering the final distribution ratio, look to minimise the odd number of Shares each Entitled Japfa Shareholder receives in respect of a full board lot of Shares. Japfa may hold some Shares in order to minimise odd lots of Shares and such Shares, together with the aggregate of Entitled Japfa Shareholders’ fractional entitlements, will be held by Japfa for its own benefit.

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

Upon the Japfa Distribution becoming effective and the completion of the Share Award Issuance (as described in “*Appendix V – Statutory and General Information – C. Share Plans*”) and the Global Offering, shareholders of Japfa will become Shareholders of the Company and the Company will cease to be a subsidiary of Japfa.

THE JAPFA DISTRIBUTION AND THE LISTING

Conditions to the Japfa Distribution

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

- (a) the approval of the Japfa Shareholders, by way of a special resolution, for the Japfa Distribution at the extraordinary general meeting of Japfa to be convened;
- (b) the approval of the Singapore Court for the Capital Reduction and the lodgement of the Order of Court with the Singapore Registrar of Companies within 90 days beginning with the date the Order of Court is made, or within such longer period as the Singapore Registrar of Companies may, on application of Japfa and on receiving the prescribed fee, allow;
- (c) the Listing Committee of the Stock Exchange granting the Listing Approval and the Underwriting Agreements 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 Listing and the Japfa Distribution, and if such approvals are given subject to any conditions, such conditions being acceptable to the Company and/or Japfa.

In relation to condition (a) above, the Japfa Shareholders approved the Japfa Distribution by way of a special resolution at an extraordinary general meeting of Japfa held on [●] 2022. In relation to condition (b) above, the Singapore Court approved the Capital Reduction at the Singapore Court hearing for the Capital Reduction on [●] 2022. The lodgement of the Order of Court with the Singapore Registrar of Companies will be made as soon as practicable after 8:00 a.m. on the Listing Date but prior to the Listing. In relation to condition (c) above, the Listing Approval is expected to be obtained on the business day before the Listing Date and the Underwriting Agreements, subject to the terms and conditions therein, are expected to become unconditional at or before 8:00 a.m. on the Listing Date.

The Japfa Distribution will only be effective upon the lodgement of a copy of the Order of Court approving the Capital Reduction with the Singapore Registrar of Companies within 90 days beginning with the date the Order of Court is made or within such longer period as the Singapore Registrar of Companies may allow.

[Notwithstanding the prescribed 90-day period, Japfa may apply to the Singapore Registrar of Companies after obtaining the Order of Court to seek an extension of time to lodge the Order of Court. There is no assurance that such an extension will be granted by the Singapore Registrar of Companies, and in such event, the Order of Court cannot be lodged within the prescribed period which is a prerequisite for the Japfa Distribution by way of Capital Reduction to become effective.]

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

THE JAPFA DISTRIBUTION AND THE LISTING

Japfa Overseas Shareholders

The distribution of the Shares under the Japfa Distribution to certain Japfa 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 Japfa Overseas Shareholders' entitlement to the Shares pursuant to the Japfa Distribution will not be distributed to such Japfa Overseas Shareholders. Instead, such Shares will be sold by the Appointed Broker, with the net proceeds to be distributed proportionately among such Japfa Overseas Shareholders.

It is emphasised that none of the Relevant Persons accepts any responsibility in relation to the above.

As of [29 July 2022], based on the information provided by Japfa, there were [87] Japfa Shareholders whose addresses as registered in the register of members of Japfa were outside Singapore.

OPTIONS FOR ENTITLED JAPFA SHAREHOLDERS TO RECEIVE SHARES UNDER THE JAPFA DISTRIBUTION

In order to facilitate the trading of Shares following the completion of the Listing, Japfa and the Company have put in place arrangements for Entitled Japfa Shareholders who are not Japfa Overseas Shareholders to (a) receive the Shares; or (b) elect to have their Shares disposed of in the market by the Appointed Broker pursuant to the Sale Election, with the net proceeds distributed proportionately among such Entitled Japfa Shareholders.

The Appointed Broker will dispose of the Shares by Entitled Japfa Shareholders who have opted for the Sale Election and the Shares of Japfa Overseas Shareholders at the prevailing market price on the Stock Exchange. The proposed disposal of Shares pursuant to the Sale Election and the Shares of Japfa Overseas Shareholders is expected to be completed within [REDACTED] commencing from the date the Appointed Broker receives the Shares for disposal, which is expected to be within [REDACTED] following the end of the Election Period.

Entitled Japfa Shareholders who (a) do not take any action within the applicable time periods, (b) make no option selection, or (c) supply information which is illegible, incomplete, invalid, incorrectly completed or left blank will be deemed to have opted to receive the Shares in the manner set out in the Election Notices.

Upon the Japfa Distribution becoming effective on the Listing Date, Japfa will hold the Shares for the benefit of the Entitled Japfa Shareholders, pending the election to be made by the Entitled Japfa Shareholders under the Election Notices.

Detailed procedures and steps to be taken by the Entitled Japfa Shareholders will be set out in the Election Notices to be despatched by Japfa to Entitled Japfa Shareholders following the Record Date.

THE JAPFA DISTRIBUTION AND THE LISTING

THE LISTING

If the Listing proceeds, it will be implemented in compliance with the Listing Rules. The Listing will be effected through the listing of the Shares in connection with the Global Offering and the Japfa Distribution whereby the Entitled Japfa Shareholders will receive the relevant Shares (other than the Japfa Overseas Shareholders and the Entitled Japfa Shareholders who make the Sale Election).

REASONS AND BENEFITS OF THE LISTING AND THE JAPFA DISTRIBUTION

The Japfa Group intends to undertake the Listing and the Japfa Distribution as the Japfa Board believes that it will benefit the Japfa Group (including the Group) and the Japfa Shareholders for, *inter alia*, the reasons outlined below:

- the Listing will create two leading Asian-focused businesses in animal proteins and dairy – segregating the principal activities, business strategies and future plans of the Group from the Japfa Group 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;
- the Japfa Distribution will facilitate an unlocking of value for Japfa Shareholders by providing (i) greater clarity of the Japfa Group (excluding the Group)’s animal protein business in emerging Asia; and (ii) Japfa Shareholders a direct ownership of Shares which will be separately listed;
- creating investment flexibility by allowing Japfa Shareholders to have the flexibility to deal with the Shares independently of their Japfa Shares, and benefit from the direct holdings of two distinct and separately listed entities in different equity markets, without any additional cash outlay; and
- allowing the Group to establish financial independence and provide it with direct access to the capital markets – each of the Japfa Group (excluding the Group) and the 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 businesses.