JAPFA

ANNUAL REPORT

2020

FEEDING EMERGING ASIA

CONTINUING TO DELIVER

WE ARE A LEADING, PAN-ASIAN, INDUSTRIAL AGRI-FOOD COMPANY DEDICATED TO FEEDING EMERGING ASIA WITH ESSENTIAL PROTEINS

OUR MISSION

To be the leading dependable provider of affordable protein foods in Emerging Asia by building on the foundation of our excellent teamwork and proven experience for the benefit of all stakeholders.

OUR VALUES

Central to our Corporate Culture & Responsibility is the nurturing of sustainable, growth-orientated relationships based on trust and integrity. *Growing Towards Mutual Prosperity* is the vision which we practise and uphold with Japfa's various stakeholder groups.

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CONTINUING TO DELIVER

Continuing to deliver is the theme of our 2020 Annual report. In a year of unprecedented challenges stemming from COVID-19, Japfa remained unwavering in our focus on one thing – *Feeding Emerging Asia*. It was this commitment, a proven business model and the experience of having overcome many past challenges that enabled us to fulfil our obligations of continuing to deliver essential proteins to millions of people, value to our shareholders, and growth for the Group.

Our performance in the past year demonstrated the strength and resilience of our vertically integrated operations. With border closures impeding global food supply chains, it also attested to the sound rationale behind our diversification across multiple proteins and geographies with the aim of producing locally for local consumption.

With these strategies in place, we believe we are well-positioned to continue delivering what is needed to *Feed Emerging Asia* in 2021 and beyond.

CORPORATE PROFILE

Japfa Ltd ("Japfa", the "Company", or together with its subsidiaries, the "Group") is a leading, pan-Asian, industrialised agri-food company dedicated to feeding emerging Asia with essential proteins.

Headquartered in Singapore, we employ over 40,000 people across an integrated network of modern farming, processing and distribution facilities in Indonesia, Vietnam, Myanmar, India and China. We specialise in producing protein staples (poultry, beef, swine and aquaculture), quality dairy and packaged food that nourish millions of people.

Over the past five decades we have grown to become leaders in multiple protein foods by embracing an integrated industrialised approach to farming and food production across the entire value chain. Our large-scale standardised operations allow us to consistently produce high quality proteins and to replicate our business model across different markets and protein types.

Our business is vertically integrated from animal feed production and breeding to commercial farming and food processing. This creates tremendous opportunities for us to capture value at different points along the agri-food chain while providing our customers with greater food security and traceability.

We use superior breeds and adopt a sophisticated approach to animal husbandry, animal health, nutrition and welfare – all of which reinforce the quality of our products and achieve high production yields. We place a strong focus on biosecurity with stringent operating procedures and have forged strategic alliances with global leaders in breeding research.

Today, we are one of the two largest producers of poultry in Indonesia[1] and have replicated our integrated industrialised business model for poultry operations in India, Vietnam and Myanmar and for swine operations in Vietnam. We leverage on the high quality of our raw materials to produce premium and mass-market consumer branded food products under leading brands such as *So Good* in Indonesia. We are one of the leading producers of premium raw milk in China, with one of the highest milk yields and nutritional standards in the market.

Given the growing affluence of our target middle- and lower-income consumer groups, we expect protein food consumption to rise. As one of the most competitive and efficient producers, we are focused on tapping the growing animal protein consumption in the five emerging economies that we operate in, which together account for more than 40% of the world's total population. We plan to forge ahead with our strategy of expanding across multiple protein segments in these high growth emerging Asian markets by replicating our integrated industrialised business model.

50
years of history

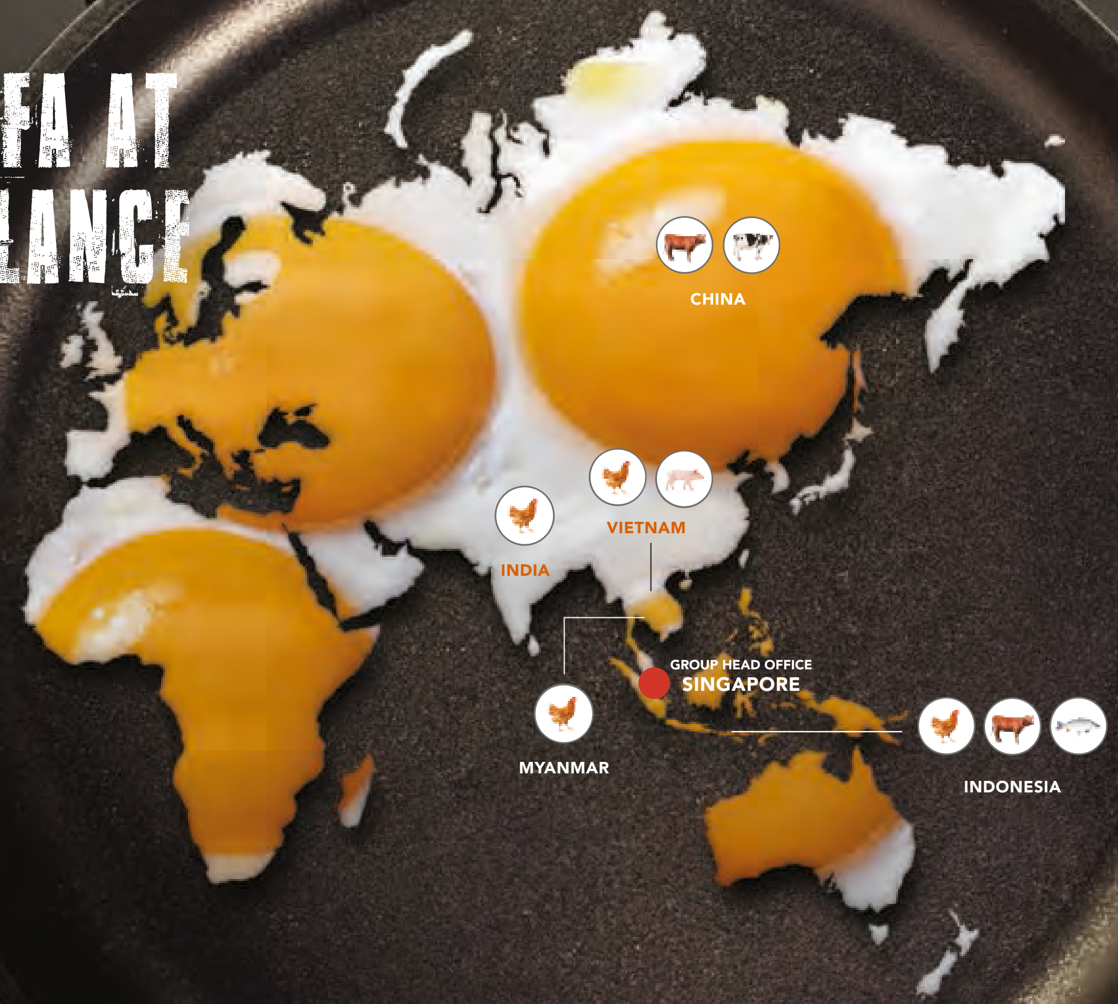
More than
40,000
people

5
Emerging markets

5
Staple proteins

1 By poultry feed and DOC production (Frost & Sullivan, 2021).

JAPFA AT A GLANCE



GROUP HEAD OFFICE

SINGAPORE

ANIMAL PROTEIN – PT JAPFA TBK[1]

INDONESIA

- Poultry feed manufacturing, breeding, commercial farming, slaughterhouses
- Aquaculture feed manufacturing, hatcheries, cold storage, processing
- Beef cattle breeding, fattening and processing
- Ambient, chilled and frozen food production and distribution

ANIMAL PROTEIN – OTHER[2]

VIETNAM

- Poultry feed manufacturing, breeding, commercial farming
- Swine feed manufacturing, breeding, commercial farming

MYANMAR

- Poultry feed manufacturing, breeding, commercial farming

INDIA

- Poultry feed manufacturing, breeding, commercial farming

DAIRY[3, 4]

CHINA

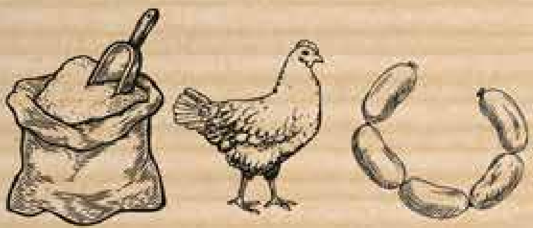
- Dairy farming
- Raw milk production
- Beef cattle fattening

LEGEND

Poultry
Swine
Beef
Aquaculture
Dairy

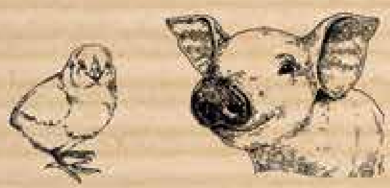
1 The 100%-owned Consumer Foods segment was transferred to and now forms part of PT Japfa Tbk following an intragroup reorganisation.
2 100% owned by Japfa Ltd.
3 Japfa retains 75% of Dairy-China following the disposal of 25% interest in Dairy-China to Meiji Co. Ltd.
4 Japfa retains 20% of Dairy-SEA following the effective disposal of 80% of Dairy-SEA to TPG and Northstar Group.

BUSINESS SEGMENTS



PT JAPFA TBK

Through our vertically integrated operations, we produce animal feed and multiple animal proteins, namely poultry, beef and aquaculture, in Indonesia. We adopt an industrialised approach to farming by leveraging our large-scale operations and strong competencies in animal farming. We also produce and distribute protein based processed food in Indonesia.



ANIMAL PROTEIN OTHER

Our animal protein operations in Vietnam, Myanmar and India produce quality animal feed, poultry and swine. We have successfully replicated our industrialised, vertically integrated business model for poultry production in Vietnam, Myanmar and India, as well as established our swine operations in Vietnam.

DAIRY

Our dairy operations are mainly in China where we focus on upstream dairy farming to produce premium raw milk for downstream customers. In the past few years, we have grown our Dairy segment in China by increasing our raw milk production with new farms and made continuous improvements in our milk yields on the back of our industrialised business model.

LEADING MARKET POSITIONS IN MULTIPLE PROTEIN STAPLES

China

#1

MILK YIELD[1]
40.1 kg/head/day

Indonesia

#2

POULTRY FEED PRODUCTION[2]
21%
DOC PRODUCTION[2]
25%

Myanmar

#1

POULTRY FEED PRODUCTION[1]
27%

#2

DOC PRODUCTION[1]
26%

Vietnam

#2

DOC PRODUCTION[1]
20%

1 Company's own estimates, 2020.
2 Frost & Sullivan, 2021.

BUSINESS MODEL

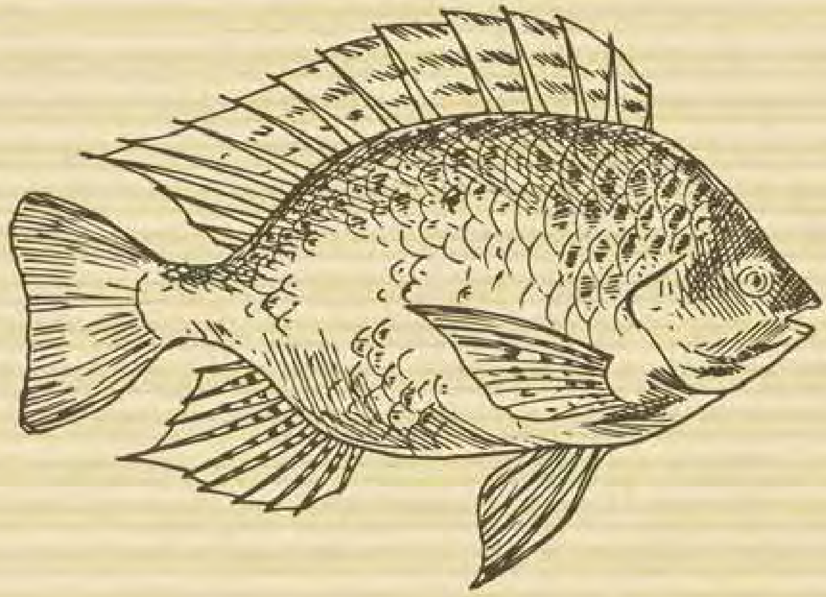
FIVE PROTEINS | FIVE COUNTRIES

VERTICALLY INTEGRATED BUSINESS MODEL

	ANIMAL PROTEIN – PT JAPFA TBK INDONESIA	ANIMAL PROTEIN – OTHER VIETNAM | MYANMAR | INDIA	DAIRY CHINA
UPSTREAM			
Animal Feed Production	Poultry Feed, Cattle Feed, Aquaculture Feed	Poultry Feed, Swine Feed	Cattle Feed, Cattle Feed
Breeding Farms	Poultry Breeding, Beef Cattle Breeding, Aquaculture Breeding	Poultry Breeding, Swine Breeding	Dairy Cattle Breeding, Beef Cattle Breeding
MIDSTREAM			
Milking & Fattening Farms	Poultry Commercial Farming, Beef Feedlots, Aquaculture Commercial Farming	Poultry Commercial Farming, Swine Fattening	Dairy Milking, Beef Feedlots
DOWNSTREAM			
Processing & Distribution	SO GOOD, JAPFA BEST, BESTCHICKEN	JAPFA BEST	AustAsia, 澳亚牧场

Notes:
Five Proteins refers to Poultry, Beef, Aquaculture, Swine and Dairy.
Five Countries refers to Indonesia, Vietnam, Myanmar, India and China.


DIVERSIFICATION
DELIVERS RESULTS



In this unprecedented year, Japfa delivered significant growth in profits, making the most of the strong momentum of our two key pillars Dairy-China and Swine-Vietnam. This robust performance demonstrated that our diversification strategy across proteins and countries is a true strength in cushioning cyclicality and market challenges such as Covid-19.

ANIMAL PROTEIN PT JAPFA TBK

In Indonesia, we run our animal protein operations through IDX-listed PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), our 54.5%-owned[1] subsidiary.

Under this business segment, we produce quality animal proteins, namely poultry, beef and aquaculture, branded package food, and we are also a large-scale producer of specially formulated animal feed. We partner with world-leading genetics companies to breed high performance parent livestock in modern farm facilities using advanced management systems.

Poultry

As the 2nd largest integrated industrialised farming company for poultry[2], we produce premium-quality animal feed for our own poultry operations and for sale to third parties. Our main feed brands, such as *Comfeed and Benefeed*, are among the most recognised in Indonesia due to their consistent quality and effective feed conversion ratios (i.e. total amount of feed required per bird kilogramme). Our success in producing high quality poultry feed stems from the expertise of our team of nutritionists in formulating products using raw materials that are best suited for the livestock needs and weather conditions in Indonesia.

We also deliver high performance Day-Old-Chicks ("DOCs") in collaboration with world leading poultry genetics company Aviagen.

Tapping on our strong expertise in agri-food production, we are a pioneer provider of protein based processed food in Indonesia. Our downstream consumer food products are manufactured mainly using our own animal proteins as raw materials, which ensures consistency in the food safety, quality and reliability. As such, our ready-to-eat and ready-to-cook processed food products under the *So Good* and *So Nice* brands are widely enjoyed by families across Indonesia.

Aquaculture

Feed production is the core activity of our aquaculture business. Our aquafeed mills produce a wide range of feed products for both marine and freshwater aquaculture species. We also operate cold storage and processing plants, freshwater fish farms, shrimp ponds, as well as shrimp and freshwater hatcheries to support our aquaculture customers.

As part of our industrialised farming model, we are looking to improve our breeding capabilities in shrimp. In 2020, we entered into a joint venture agreement with Hendrix Genetics Aquaculture B.V. to establish a joint venture company that will own and operate a shrimp Broodstock Multiplication Centre in Indonesia.

Beef

We import cattle from Australia which are fattened to maturity at 90 days before selling them to third parties.

INDONESIA

POULTRY

- **2nd largest** integrated industrialised farming company[2]
- **16** feed mills
- **76** poultry breeding farms
- **30** central hatcheries
- **15** slaughterhouses and primary processing plants
- **Over 100** company-owned commercial farms
- **Over 10,000** contract commercial farms

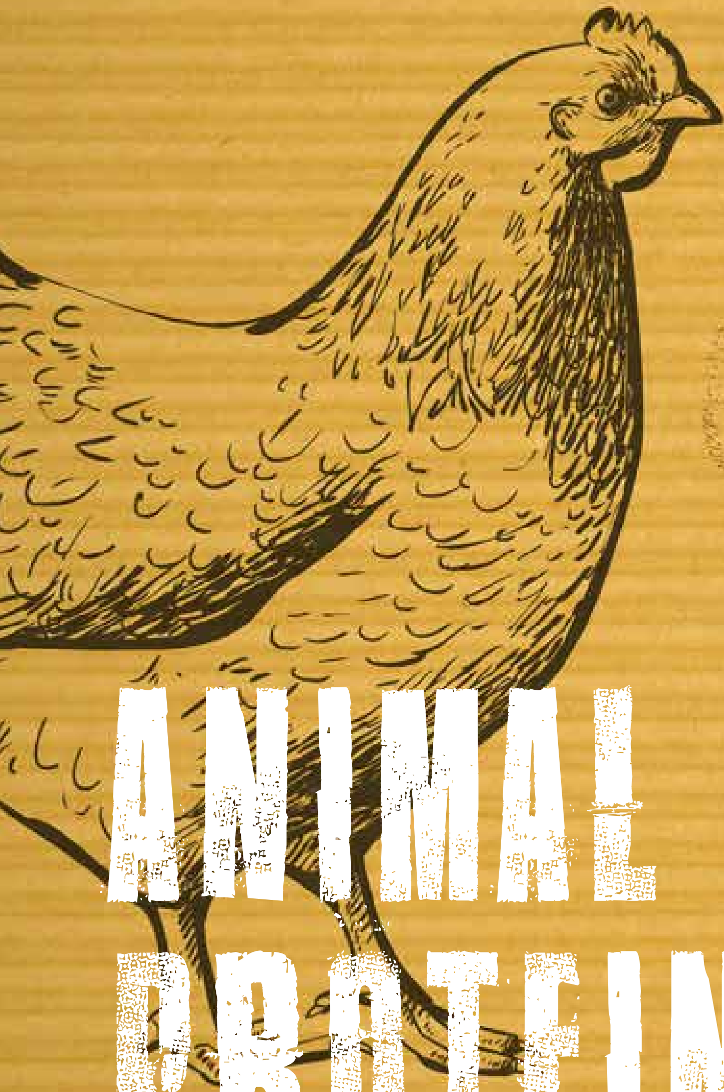
AQUACULTURE

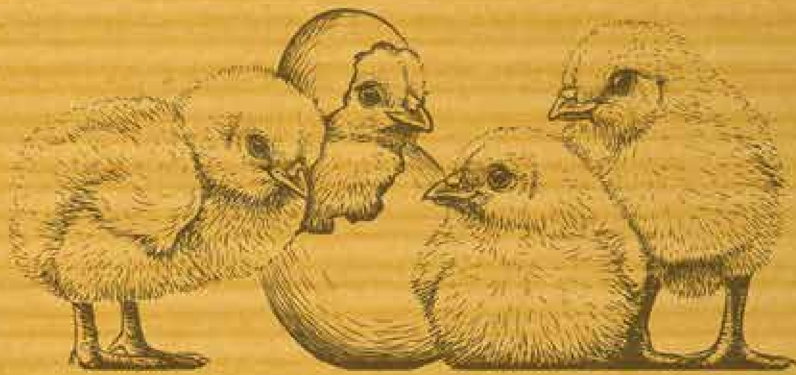
- **5** feed mills
- **10** shrimp hatcheries
- **3** freshwater fish hatcheries
- **3** cold storage & processing plants

BEEF

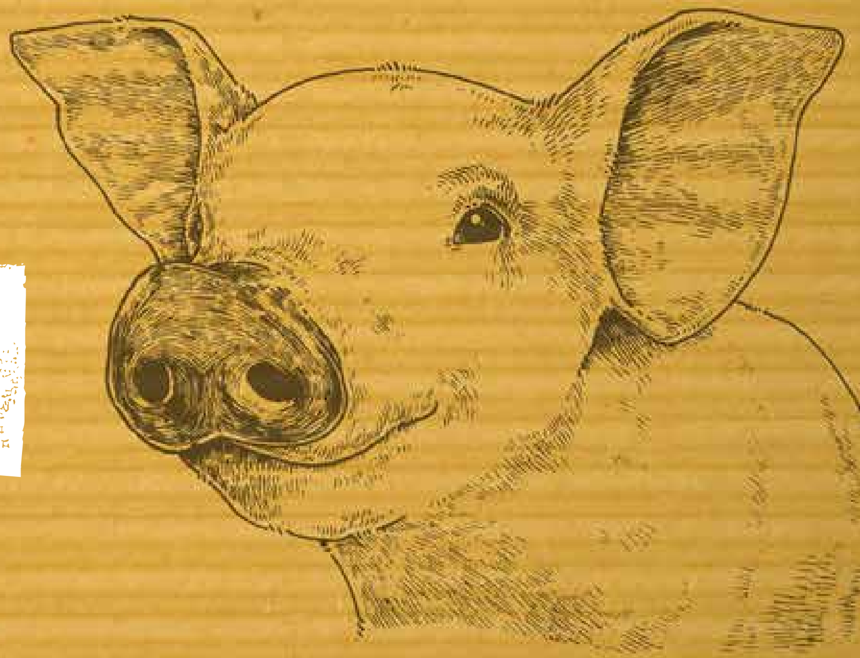
- **4** beef cattle feedlots
- **1** processing operation

1 As of 31 December 2020.
2 By poultry feed and DOC production (Source: Frost & Sullivan, 2021).





ANIMAL PROTEIN
OTHER



The Animal Protein Other ("APO") segment covers our operations in Vietnam, Myanmar and India, where we produce quality animal feed, poultry and swine.

Having successfully replicated our industrialised, vertically integrated business model across these emerging Asian markets, our APO operations constitute a key part of the Group's diversification strategy to ensure long term sustainable earnings.

VIETNAM

FEED

- **6** feed mills (poultry and swine feed)

POULTRY

- **2** Grand Parent ("GP") farms
- **21** Parent Stock ("PS") farms
- **3** central hatcheries
- **Over 1,000** company-managed and contract commercial farms

SWINE

- **3** Great Grand Parent ("GGP") farms
- **7** GP farms
- **23** PS farms
- **Over 300** company-managed and contract fattening farms

INDIA

POULTRY

- **6** poultry feed mills
- **1** poultry breeding farm
- **2** hatcheries
- **Over 300** contract commercial farms

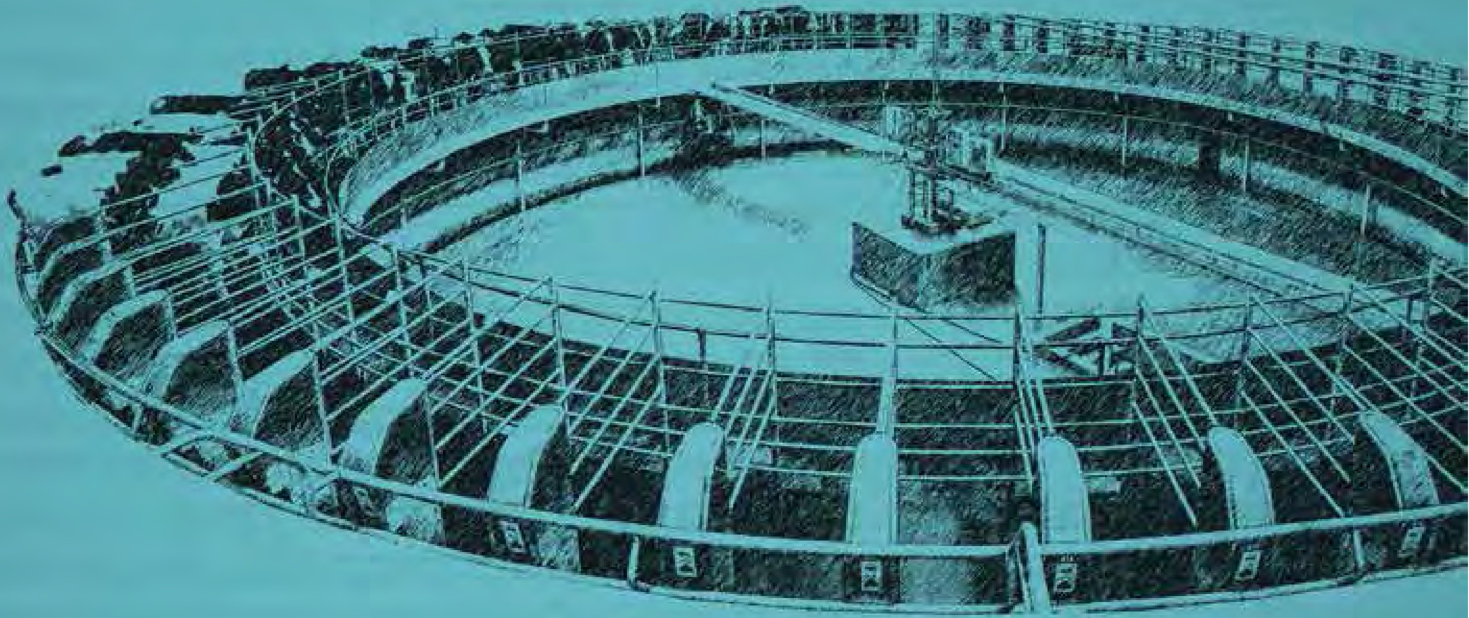
MYANMAR

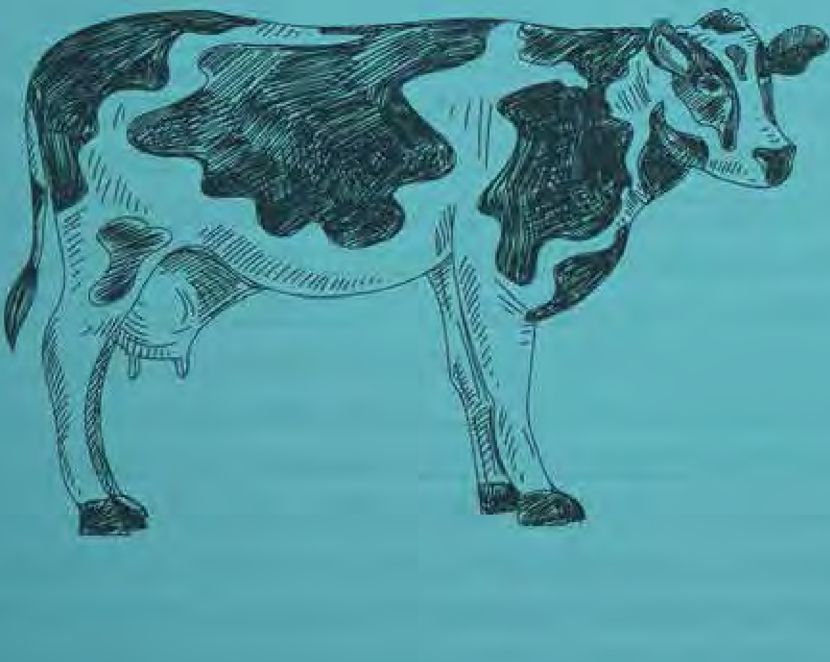
POULTRY

- **2** poultry feed mills
- **3** poultry breeding farms
- **2** hatcheries
- **10** company-managed commercial farms

BUSINESS SEGMENTS

DAIRY





Under this segment, we operate our dairy and beef businesses in China, which are complementary to each other.

Dairy

We own eight world-class dairy farms that are designed and equipped to meet and surpass both local and international standards in productivity and biosecurity. We produce premium raw milk mainly for sale to leading dairy companies in China. Our premium raw milk consistently tops the market in terms of quality, nutrition and safety and our Holstein cattle produce one of the highest milk yields in the market.

We work closely with U.S. animal welfare auditors to promote the wellbeing of our cattle as we believe that happy cows are healthier cows. In 2020, we continued to improve on forage quality. We also focused on cow comforts by managing both heat and cold stress and paid more attention to genetic improvements.

With our downstream products, under the brand 澳亚牧场 (*AustAsia*), we have entered various foodservice channels including coffee, milk tea and bakeries, by riding on the rising demand for traceable, premium dairy products in China.

To support our dairy operations to grow into the largest independent raw milk producer in China, we forged a strategic partnership with Meiji Co. with the sale of 25% of our China dairy operations in 2020. Japfa remains the single largest shareholder of Dairy-China with a 75% shareholding and continues to control and manage its farming operations in China. Under the partnership, Japfa will supply quality raw milk to Meiji downstream operations to support their expansions plans in China.

In 2020 we also entered into a partnership with TPG and Northstar with the sale of our vertically integrated branded dairy business in SEA. Post-transaction, Japfa retains 20% interest in Dairy-SEA and continues to benefit from the upside potential from this strategic partnership.

Beef

We run our beef farming operations out of two fattening farms in China. It is a synergistic business with our dairy operations in many ways such as the use of the dairy herd as breeder for cattle stock, which enables us to leverage our dairy genetic expertise to improve productivity. We also enjoy cost efficiencies through economies of scale and optimisation of resources such as land.

As consumer affluence and preference for animal protein are increasing, there is huge potential for us to become a reliable and consistent supplier of premium beef, including F1 Wagyu and Angus.

CHINA

DAIRY

- **8** dairy farms
- **91,779** heads of Holstein cattle
- Average daily milk yield of **40.1 kg per head**

BEEF

- **2** fattening farms

Our vertically integrated operations, which are replicated across our proteins and markets, enable us to produce locally on a large scale for domestic consumption. In doing so, we contribute towards self-sufficiency of staple protein foods in the markets where we operate.


PRODUCE LOCALLY
CONSUME LOCALLY

Our value of *Growing Towards Mutual Prosperity* has never been more important, as it has led us to continue to deliver protein foods to millions of people in Asia and value to our shareholders.

I am particularly proud of the effort made by the people of Japfa to achieve such remarkable results during a year like no other.

CHAIRMAN'S MESSAGE

Dear Shareholders,

2020 was an unprecedented year marked by a global pandemic that has impacted millions of people around the world, and deeply affected the global economy, heralding business transformation and change like no other. With countries closing off their borders and imposing movement restrictions, Covid-19 challenged the business models and strategies of companies all over the world and put them through what was probably the most rigorous test in modern history.

Against this backdrop, our value of *Growing Towards Mutual Prosperity* has never been more important as it led us to continue to deliver safe and affordable protein foods to millions of people in Asia as well as value to our shareholders.

As we enter our 50th anniversary in 2021, I am particularly proud of the effort made by the management and all employees to achieve such remarkable results during a year like no other.

CONTINUING TO DELIVER

As we supply about 20-25% of animal protein foods in many countries where we operate[1], our activities are critical to feed people in Asia. During a time of great uncertainty, we fully lived out our purpose of *Feeding Emerging Asia* and continued to work, safely and responsibly, to ensure sufficient production and supply of protein foods across our markets.

At the height of the Covid-19 outbreak, besides health, food was a major concern for people. The measures to curb the spread of the virus exposed the vulnerabilities of global supply chains, including that of essential goods, and forced governments and businesses to re-think the entire value chain and self-sufficiency.

Our diversified and integrated business model ensured that our Group was able to continue to produce and supply safe and healthy protein foods. As we supply staple protein foods largely to the domestic markets where they are produced, we were able to weather this unprecedented situation in the same way we successfully managed down-cycles and other issues in the past. Our integrated business model and scale enabled us to keep up production and meet markets' needs in the countries where we operate.

In FY2020, we continued to deliver value to our shareholders.

On the back of a strong performance from operations, we delivered a significant growth in profits and proved, once again, the strength of our strategy and the resilience of our business model. The Board of Directors recommended a final dividend of 1 Singapore cent per share for FY2020.

The two major transactions undertaken in 2020 in the Dairy segment, namely the sale of 25% of the dairy farming operations in China ("Dairy-China") to Meiji, and the effective sale of 80% of the dairy business in Southeast Asia ("Dairy-SEA") to TPG and Northstar Group, resulted in a cash inflow of almost US$500 million. From the successful divestment of Dairy-SEA, we paid a special interim dividend of 10 Singapore cents per share in March 2021 to reward our shareholders.

Even though we were not involved in fighting the pandemic directly, we still tried to do our part and continued our business operations, implementing measures to minimise the impact on staff and to ensure their safety and welfare. Our efforts were also addressed to the communities where we operate and to those on the front line in managing this unprecedented health crisis. In Indonesia, under our *Japfa Cares* (*Japfa Peduli*) programme, we supported government efforts by providing medical personnel with healthy and nutritious protein foods we produced. Our subsidiaries donated chicken, eggs, tempura shrimp, milk and processed products to the medical teams on the frontline, through the National Disaster Management Authority (BNPB).

A LOOK AHEAD

As we begin the new decade by celebrating our golden jubilee, we remain committed to continue to deliver as we have done for the past 50 years. From a single poultry feed mill in Indonesia, we have accomplished much. We have grown from a poultry-focused, Indonesia-centric business into a leading pan-Asian industrialised agri-food company. We have successfully leveraged our diversification strategy across proteins and markets to build our three main pillars of poultry in Indonesia, dairy in China, and swine in Vietnam and we are looking to establish more pillars in the future, such as aquaculture. Based on the prospects for protein consumption in our markets, we remain confident in our long-term outlook as we have set a solid base for future growth.

Moving forward, we will be exploring more opportunities to improve the nutrition of millions of people in Asia. Just recently in February 2021, we have launched *Japfa Feeds the Future* challenge in partnership with GROW, Southeast Asia's first dedicated agrifoodtech accelerator. Open to teams with farm, feed & food tech solutions, *Japfa Feeds the Future* aims at helping start-ups scale across Asia by promoting the adoption of technology to drive advancements in the livestock industry. With this initiative, we will help innovative ideas grow into viable solutions through the creation of an ecosystem where all stakeholders collaborate.

APPRECIATION

Over the past 50 years, we have gone through many challenges and yet always emerged a better, stronger organisation. This year, we again prove our resilience and continued to deliver.

I want to thank my fellow directors on the Board for guiding the Group through the year as it navigated these challenging times. I also want to thank the management team and all our employees across all markets for their relentless commitment and sound execution of our strategy and business plans. My thanks also to our customers and contract farmers for working with us to achieve win-win outcomes for all.

Last but not least, I want to thank you, our esteemed shareholders, for your continued support of our long-term strategy to build solid businesses and grow with our stakeholders.

Handojo Santosa
Executive Chairman

1 Indonesia: 21% Poultry Feed Production and 25% DOC production (Frost & Sullivan 2021); Vietnam: 20% DOC production (as per Company's own estimates); Myanmar: 27% Poultry Feed Production and 26% DOC production (as per Company's own estimates).

CEO'S MESSAGE

Dear Shareholders,

The 12 months ended 31 December 2020 ("FY2020") was a rough ride for everyone. Globally, governments, economies, markets and our daily lives were thrown into disarray and, whether directly or indirectly, we were all affected by Covid-19 in one way or another.

In this unprecedented year, our top priority was to continue to deliver safe and affordable protein foods to millions of people in Asia as well as value to our shareholders. At the same time, we remained focused on key corporate projects and on setting the course for our long-term development.

In FY2020 we delivered a robust performance from operations, with significant growth in profits, on the back of three factors: our diversification strategy across proteins and markets, which helped us to smoothen the operational and financial impact of the pandemic; the resilience of our business model; and our ability to execute our growth strategy even amid challenging conditions. For this, I want to thank all our people, who have demonstrated - once again - their great flexibility, adaptability and unrelentless commitment.

STRONG OPERATIONS CONTINUE TO DELIVER RESULTS

In FY2020, Japfa delivered a solid bottom-line with a 63.3% increase in Core PATMI to US$195.4 million compared to US$119.7 million in FY2019. All our three key business pillars positively contributed to this remarkable performance. We made the most of the strong momentum of our two key pillars Dairy-China[1] and Swine-Vietnam[1], which both delivered strong growth in profits. On the other hand, Poultry-Indonesia[1] delivered solid results, albeit lower than in FY2019, in a challenging year marked by the negative impact of the Covid-19 pandemic on consumer demand and, consequently, on poultry prices in Indonesia.

Our FY2020 performance proved that our diversification strategy is a true strength in cushioning cyclicality and market challenges. By diversifying our business across proteins and countries, we have built a portfolio of uncorrelated revenue and profit streams that allows the Group to mitigate major down-cycles in particular markets.

Our EBITDA grew 42.7% year-on-year ("y-o-y") to US$683.1 million from US$478.6 million in FY2019. The FY2020 EBITDA included an extraordinary net gain of US$140.2 million from the effective sale of 80% of Dairy-SEA to TPG and Northstar Group. Even excluding this extraordinary item, EBITDA exceeded the US$500 million mark for the first time.

PATMI grew to US$322.0 million. Even excluding the extraordinary net gain of US$140.2 million from the sale of Dairy-SEA, the PATMI of US$181.8 million is more that 50% higher than the US$120.0 million we recorded in FY2019.

Our revenue of US$3.9 billion dipped slightly by 0.6% from FY2019, due to the Covid-19 impact on demand for poultry in Indonesia.

Arrowing into our business segments, PT Japfa Tbk was able to deliver a solid EBITDA of US$257.5 million, although the impact of the pandemic on consumer demand and poultry prices in Indonesia resulted in a revenue drop of 8.1% y-o-y to US$2.5 billion.

Revenue from Animal Protein Other ("APO") grew 15.0% y-o-y to US$796.0 million in FY2020. Operating profit surged 147.4% to US$98.0 million. The exceptional growth in profitability for the APO segment was primarily driven by our Vietnam operations, which reaped the benefits of our long-term strategy in industrialised farming.

Dairy remained a strong pillar for revenue and profitability in FY2020 and ended the year with revenue up 16.1% y-o-y to US$547.5 million and

1 We define Poultry-Indonesia, Swine-Vietnam and Dairy-China as our three key profit pillars. In terms of business segments, Poultry-Indonesia is part of the PT Japfa Tbk segment, Swine-Vietnam is part of Animal Protein Others ("APO") segment and Dairy-China is part of Dairy segment.

"In FY2020 we delivered a robust performance from operations, which proves that our diversification strategy is a true strength in cushioning cyclicality and market challenges.

an operating profit growth of 28.2% to US$114.3 million. This was achieved because of improving milk yields and higher raw milk prices in a supply shortage environment in China.

On the back of our strong operational performance, we recommended a final dividend of 1 Singapore cent per share for FY2020. We have also paid a special interim dividend of 10 Singapore cents per share in March 2021, as a result of the successful divestment of Dairy-SEA.

I am pleased to note that the two major transactions in the Dairy segment, namely the sale of 25% of Dairy-China to Meiji and the effective sale of 80% of Dairy-SEA, demonstrate our ability to build scalable market leading businesses. Based on these transactions, which resulted in a cash inflow of almost US$500 million, the combined implied equity value of the Dairy segment was over US$1.3 billion.

In FY2020, we continued to execute our strategy with the usual financial discipline.

Equity attributable to the Owners of the Parent increased by US$539.1 million (+61.2% y-o-y) mainly from a PATMI of US$181.8 million without the extraordinary net gain; a gain of US$121.6 million from the sale of 25% stake in Dairy-China to Meiji recorded in equity; an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA recorded in P&L; and the rights issue of US$66.7 million.

As a result of the increase in equity, NAV per share grew significantly to S$0.93 (US$0.70) as of 31 December 2020 from S$0.64 (US$0.47) in the previous year. We also further improved our Net Debt-to-Equity ratio to 0.5x as of 31 December 2020 from 1.0x as of 31 December 2019.

CEO'S MESSAGE

A SOLID BASE FOR LONG-TERM GROWTH

Looking at how the business segments contributed to these results, we have clearly diversified our activities and successfully built three core business pillars from a poultry-focused, Indonesia-centric business. By replicating our integrated industrialised business model across proteins and geographies, we have proven the strength of combining good genetics, good nutrition and good farm management in livestock breeding.

Our industrialised approach to farming had always enabled us to scale our operations quickly and responsively to market conditions and positioned us to seize uptrends, while remaining resilient under adverse conditions and it was no different in FY2020.

Throughout the year, we remained focused on growing our business to take advantage of market opportunities that arose from the potential from rising protein consumption in emerging Asia. We also continued to focus on our vertically integrated business model in line with our approach to "produce locally to consume locally".

At the same time, we strengthened our balance sheet and rewarded our shareholders with dividends.

In FY2020, Japfa's corporate activities reflected these objectives.

Accelerating our growth in China's buoyant dairy industry

Our dairy business has grown considerably in recent years. To accelerate the next phase of development, we had entered into two strategic partnerships for both our China and our Southeast Asia (SEA) operations.

With the sale of 25% of China dairy operations to Meiji, we have forged a strategic and synergistic partnership, where Japfa will supply quality raw milk to Meiji downstream operations in support to their expansions plans in China. Japfa remains the single largest shareholder of Dairy-China with a 75% shareholding and continues to control and manage its farming operations in China.

In December, we announced the sale of our vertically integrated branded dairy business in SEA to TPG and Northstar. Post-transaction, Japfa retains a 20% interest in Dairy-SEA and continues to benefit from the upside potential from this strategic partnership, as TPG and Northstar bring both funding and management expertise.

Building solid breeding pyramids

Breeding operations are the foundation of any expansion and in FY2020 we continued with our plans this area.

The aquaculture division of PT Japfa Tbk entered into a joint venture agreement with the aquaculture breeding division of Hendrix Genetics to establish a Broodstock Multiplication Centre in Indonesia which will supply high-quality broodstock to the Indonesian shrimp industry.

In Swine-Vietnam, to enhance performance and swine genetics we are updating our Great Grand Parent and Grand Parent farm population in collaboration with Hypor, the swine breeding division of Hendrix Genetics. Ensuring sufficient genetic stock to support the swine breeding pyramid starting from our Great Grand Parent stock is the cornerstone of our success and the key factor that allowed us to replenish our swine breeding stock and recover faster than others during the 2019 African Swine Fever ("ASF") epidemic in Vietnam.

Enhanced vertical integration in line with global trends toward domestic self-sufficiency
Producing locally for local consumption has always been key in our business model. More recently, the Covid-19 pandemic has reshaped food production, highlighting the importance of food security, domestic production and self-sufficiency. In line with this trend, last August we re-organised our consumer food operations in Indonesia with the objective of fully integrating the downstream branded business with the PT Japfa Tbk's upstream (poultry feed and breeding) and midstream (commercial poultry farming) businesses. This intragroup reorganisation will allow us to leverage synergies within Indonesia.

Prudent growth and rewarding our shareholders
In February 2020, we completed a 1-for-10 renounceable non-underwritten rights issue and raised net proceeds of US$66.7 million, which enhanced our financial flexibility as we were able to repay some of our borrowings and increase our war-chest to fund business growth arising from the increasing protein consumption in Asia.

LOOKING AHEAD

With many countries still affected by Covid-19, we expect FY2021 to remain challenging for the global economy. Although Japfa was able to manage the situation so far, the sentiments surrounding the macro-environment might have an indirect impact on consumer demand. We continue to monitor the fluid situation in Indonesia, while we forge ahead with growth initiatives in Swine-Vietnam and Dairy-China.

We believe the prospects for protein consumption in our markets are positive because the region is growing in affluence and people are becoming increasingly aware about the importance of nutrition. We are confident that Japfa is well-positioned to benefit from these trends.

APPRECIATION

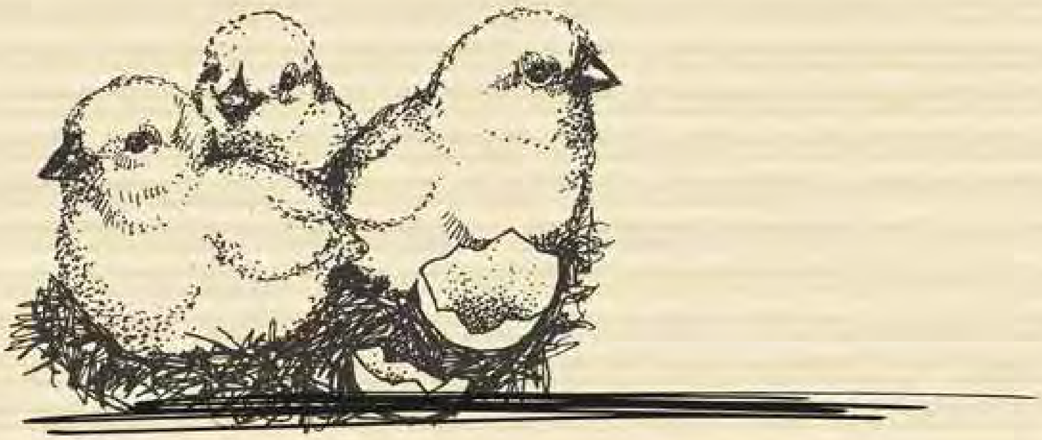
In closing, I would like to express my appreciation to my fellow Board of directors, colleagues and all our stakeholders for standing by us through a very challenging FY2020. It is only with your support and confidence that the Group is able to grow stronger and more resourceful each year and to deliver results despite the macro-environment.

I want to especially commend our staff across all business segments and geographies for the tenacity and the dedication they had shown in FY2020. It is because of them that Japfa is able to continue *Feeding Emerging Asia* efficiently and affordably.

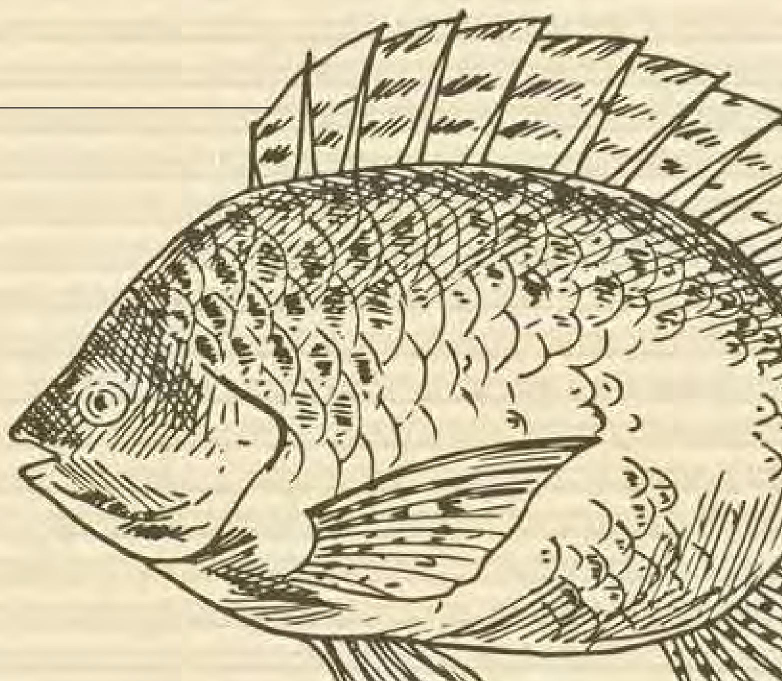
Let us all stay safe and healthy as we look forward to a better FY2021.

Tan Yong Nang
Chief Executive Officer


STAYING RESILIENT
SUSTAINING GROWTH



As we celebrate our golden jubilee, we remain committed to continue to deliver. Based on the prospects for protein consumption in our markets, we are forging ahead with growth initiatives and we remain confident in our long-term outlook as we have set a solid base for future growth.



FINANCIAL HIGHLIGHTS

Financial Year Ended
31 December 2020

REVENUE

US$**3.9** billion

-0.6% Y-O-Y

OPERATING PROFIT

US$**363.8** million

+7.3% Y-O-Y

OPERATING PROFIT MARGIN

9.4%

+0.7 PTS Y-O-Y

EBITDA[1]

US$**683.1** million

+42.7% Y-O-Y

PATMI

US$**322.0** million

+168.4% Y-O-Y

CORE PATMI W/O FOREX[2]

US$**195.4** million

+63.3% Y-O-Y

- Diversification strategy effectively mitigated major market down-cycles in particular markets, including Covid-19
- Profits across the board improved significantly on the back of the strong performance of APO-Vietnam and Dairy-China
- EBITDA exceeded the US$500 million mark for the first time since IPO in 2014

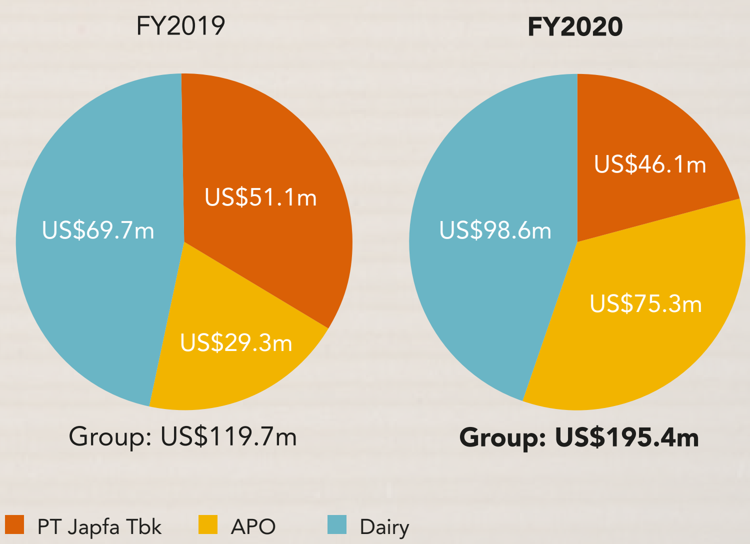
Animal Feed business remains a stable pillar of profitability

Covid-19 impacted consumer demand in Indonesia and resulted in poultry price volatility

Exceptional performance in swine driven by high swine fattening ASPs due to supply shortage caused by ASF and Japfa's strategy in swine breeding

Strong performance in dairy driven by higher raw milk price in China and improved milk yields

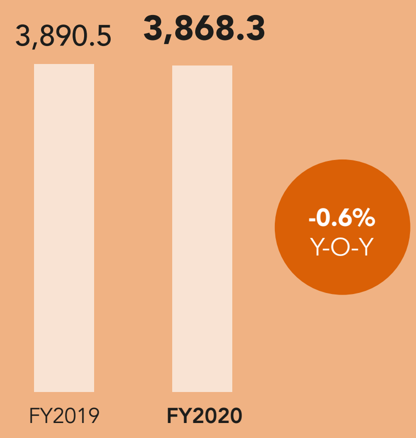
CORE PATMI W/O FOREX ATTRIBUTABLE TO JAPFA LTD



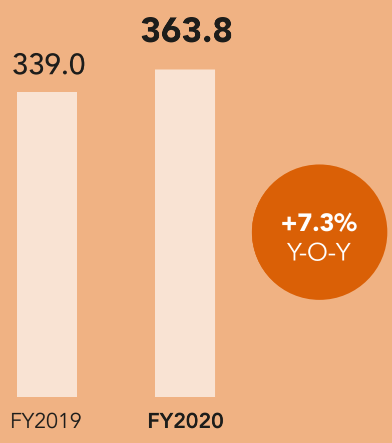
1 The Group defines EBITDA as profit before tax, excluding interest income, finance costs, depreciation and amortisation expenses. It also excludes a) foreign exchange adjustments gains/(losses), b) changes in fair value of derivatives relating to foreign exchange hedging, and c) fair value of biological assets, other than gains/(losses) from the sale of beef in China.

2 The Group derives Core PATMI from "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. Core PATMI w/o Forex is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. The Group has not made an estimate of the tax impact on foreign exchange gains/losses. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds (from a subsidiary in Indonesia) and USD loans (from subsidiaries in China), which have no tax implication.

REVENUE
(US$million)

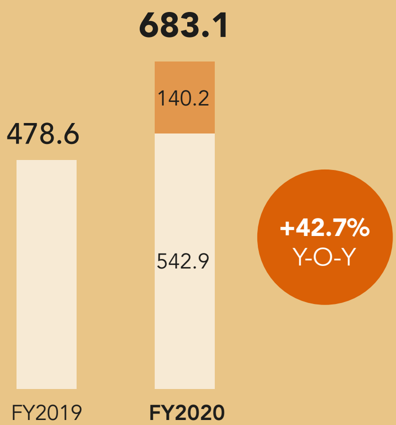


OPERATING PROFIT
(US$million)

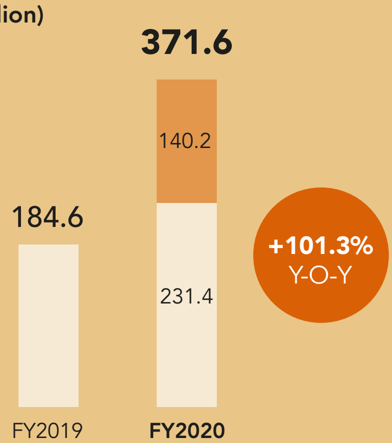


EBITDA[1]
(US$million)

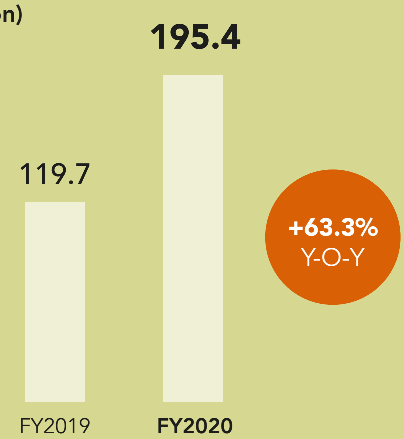
Extraordinary items in FY2020 comprises a gain from the sale of Dairy-SEA including realisation of translation reserve and fair value of the remaining shareholding, as well as related transaction costs. The extraordinary net gain in the P&L amounted to US$140.2 million



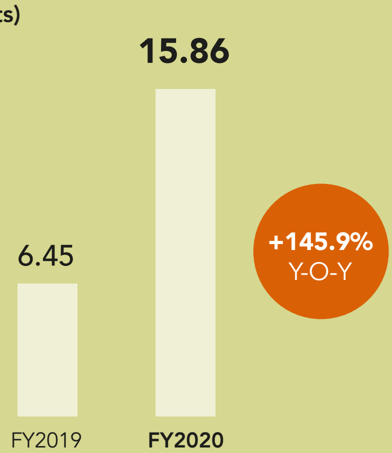
PROFIT AFTER TAX
(US$million)



CORE PATMI W/O FOREX[2]
(US$million)



EARNINGS PER SHARE
(US cents)



OPERATING & FINANCIAL REVIEW

CORE PATMI WITHOUT FOREX GREW 63.3% TO US$195.4 MILLION.

EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT INCREASED BY US$539.1 MILLION.

NAV PER SHARE INCREASED TO 93 SINGAPORE CENTS.

OVERVIEW

For the year ended 31 December 2020 ("FY2020"), Japfa posted a solid bottom-line, proving its resilience amid persistent challenging market conditions caused by the Covid-19 pandemic.

Core PATMI without Forex increased 63.3% y-o-y US$195.4 million (FY2019: US$119.7 million), driven by a strong performance from operations. The robust results of swine in Vietnam and dairy in China more than offset the weaker performance of PT Japfa Tbk in Indonesia. This strong performance amidst the pandemic underscores the efficacy of the Group's diversification strategy across proteins and countries, which has allowed Japfa to build a portfolio of uncorrelated revenue and profit streams to cushion major down-cycles in particular markets.

In FY2020, operating profit rose 7.3% y-o-y to US$363.8 million (FY2019: US$339.0 million).

From the effective sale of 80% of Dairy-SEA, an extraordinary net gain of US$140.2 million was recorded, increasing EBITDA and PATMI. EBITDA grew 42.7% y-o-y to US$683.1 million (FY2019: US$478.6 million). Even excluding this extraordinary item, EBITDA for FY2020 exceeded the US$500 million mark for the first time since Japfa's Initial Public Offering in 2014. PATMI grew to US$322.0 million in FY2020. Even excluding the extraordinary net gain of US$140.2 million from the sale of Dairy-SEA, the PATMI of US$181.8 million was more than 50% higher than US$120.0 million recorded in FY2019.

The key financial highlights of the Group's segmental results included:

- **PT Japfa TBK:** Revenue and profits remained solid, albeit lower than FY2019, due to the impact of Covid-19 on consumer purchasing power, which lowered poultry average selling prices ("ASPs"). Feed operations remained a stable pillar of profitability and Aquaculture delivered robust results on the back of higher feed sales volumes and margins;
- **Animal Protein Other ("APO"):** Reaped the benefits of Japfa's long-term strategy in swine breeding and delivered an exceptional performance as a result of high swine fattening ASPs from the supply shortage caused by ASF. Feed sales volume surpassed the 1-million-ton milestone;
- **Dairy:** Delivered strong growth in revenue and profit driven by higher raw milk prices in China and strong milk yields, which exceeded 40 kg/head/day in FY2020.

MAJOR DEVELOPMENTS

Throughout the year, Japfa remained focused on ensuring the production and supply of staple protein foods in each market it operates in, as well as in growing the business to seize the opportunities arising from increasing protein consumption in Asia for long-term growth.

PT Japfa Tbk

In August 2020, the Consumer Food segment was transferred and consolidated into the PT Japfa Tbk segment as part of an intragroup reorganisation to leverage synergies within Indonesia. The objective was to fully integrate the downstream branded consumer food business, which includes ready-to-eat, ready-to-cook packaged products and flavoured milks, with PT Japfa Tbk's upstream poultry feed and breeding businesses and its midstream commercial poultry farming businesses. The move is part of Japfa's strategy of using vertical integration within each country to "produce locally to consume locally" and is strongly aligned with the global trend towards self-sufficiency in staple foods - a trend which is accelerating in the wake of the Covid-19 pandemic.

In October 2020, the aquaculture division of PT Japfa Tbk entered into a joint venture agreement with Hendrix Genetics Aquaculture to establish a Broodstock Multiplication Centre in Indonesia which will supply high-quality broodstock to the Indonesian shrimp industry.

APO

In early 2020, APO-Vietnam started to import highly selected pure line breeders into Vietnam as part of a 3-year plan to enhance performance and swine genetics, and ultimately strengthen the growth base for swine in the country. APO-Vietnam has partnered with Hypor, the swine breeding division of Hendrix Genetics and one of the world's leading suppliers of pig genetics, since 2011 in a Great Grand Parent swine breeding farm.

Dairy

To accelerate the next phase of development of the dairy business, Japfa entered into two strategic partnerships for both its China and its Southeast Asia operations.

The two major transactions undertaken, namely the sale of 25% of Dairy-China to Meiji and the effective sale of 80% of Dairy-SEA to TPG-Northstar Group, resulted in a cash inflow of almost US$500 million.

In July, Japfa completed the sale of 25% of Dairy-China for a total cash consideration of US$254.4 million. Japfa remains the single largest shareholder of Dairy-China with a 75% shareholding and continues to control and manage its farming operations in China. This strategic and synergistic partnership with Meiji, one of the Japfa's growing dairy customers, will support Dairy-China to grow into the largest independent raw milk producer in China and provide a stable revenue stream through a 5-year rolling raw milk supply contract to Meiji. The proceeds have strengthened the Group's balance sheet and lowered gearing.

In December, Japfa entered into an agreement for the sale of Dairy-SEA to TPG and Northstar. Under the deal, TPG and Northstar acquired an effective 80% interest in the Dairy-SEA business for US$236 million in cash. Japfa retains the remaining 20% share, which will allow the Group to benefit from the upside potential from this strategic partnership, as TPG and Northstar bring funding and management expertise to Dairy-SEA.

JAPFA POSTED A SOLID BOTTOM-LINE, PROVING ITS RESILIENCE AMID PERSISTENT CHALLENGING MARKET CONDITIONS CAUSED BY THE COVID-19 PANDEMIC.

OPERATING & FINANCIAL REVIEW

The disposal was completed on 2 February 2021. From the successful divestment of Dairy-SEA, Japfa paid a special interim dividend of 10 Singapore cents per share to shareholders in March 2021. The remaining proceeds will be used to pay down existing bank loans to further strengthen the Group's balance sheet.

Based on these two transactions, the combined implied equity value of Japfa's dairy businesses across China and SEA is over US$1.3 billion, demonstrating Japfa's ability to build scalable market leading businesses.

LOOKING AHEAD

In a year marked by extraordinary turmoil from the Covid-19 pandemic, Japfa was able to continue to deliver solid results through its diversification strategy across multiple proteins and geographies, its industrialised business model and a constant focus on prudent growth.

As Japfa supplies about 20-25% of animal protein foods[1] in many countries where it operates, the Group plays an essential role in maintaining the supply of staple foods. As such, Group's supply chains and logistics were not materially impacted by movement restrictions implemented following the pandemic and Japfa continued to operate its farms and feed mills safely.

On the other hand, consumer demand has been affected as a consequence of the weakened economy and reduced purchasing power.

With many countries still affected by Covid-19, Japfa expects FY2021 to remain challenging for the global economy, in particular with regard to the impact on consumer demand.

In Indonesia, where Japfa supplies mainly chicken, the impact on demand is expected to be transient as chicken is a staple and affordable protein food. Due to its experience, scale and industrialised approach in the agri-food industry, the Group believes it is well placed to manage the situation and will continue to monitor the evolving situation in Indonesia.

In Vietnam, the demand for pork remains relatively stable and pork prices remained strong due to the substantial drop in pork supply due to ASF, which significantly reduced the domestic swine population. On the back of Japfa's strong farm management and strict bio-security protocols, coupled with a solid strategy to build a swine breeding pyramid starting from its Great Grand Parent farms, Japfa has set a strong base for further growth.

In China, the domestic demand for raw milk is expected to grow, while supply continues to dwindle from rising feed costs and stricter environmental requirements by the Chinese government[2]. As a result, raw milk prices have remained strong since the second half of 2019. The Group expects the strong raw milk price environment to stay over the medium term as it takes time for the industry to build new dairy farms and reach the "fully milking" stage, barring any unforeseen fallout that may arise from the pandemic. As one of the largest independent raw milk producers in China, Japfa is well positioned to take advantage of this situation.

"THE SOLID BASE WE HAVE BUILT TOGETHER WITH THE PROSPECTS FOR PROTEIN CONSUMPTION IN ASIA BODE WELL FOR JAPFA'S LONG-TERM GROWTH.

On the back of the strong growth foundation it has built and rising animal protein consumption trends in its markets, Japfa remains confident of its long-term outlook.

1 Indonesia: 21% Poultry Feed Production and 25% DOC production (Frost & Sullivan 2021); Vietnam: 20% DOC production (as per Company's own estimates); Myanmar: 27% Poultry Feed Production and 26% DOC production (as per Company's own estimates).

2 Moody's Investors Service, Sector In-Depth, Raw milk - China, 27 June 2019.

FY2020 SEGMENTAL OVERVIEW

GROUP

	(US$million)	FY2019	FY2020	%change
Japfa Ltd	Revenue	3,890.5	3,868.3	-0.6% ▼
	Operating Profit	339.0	363.8	7.3% ▲
	Operating Profit Margin	8.7%	9.4%	0.7 pts ▲
	EBITDA[1]	478.6	683.1	42.7% ▲
	PAT[1]	184.6	371.6	101.3% ▲
	PATMI[1]	120.0	322.0	168.4% ▲
	Core PATMI w/o Forex	119.7	195.4	63.3% ▲

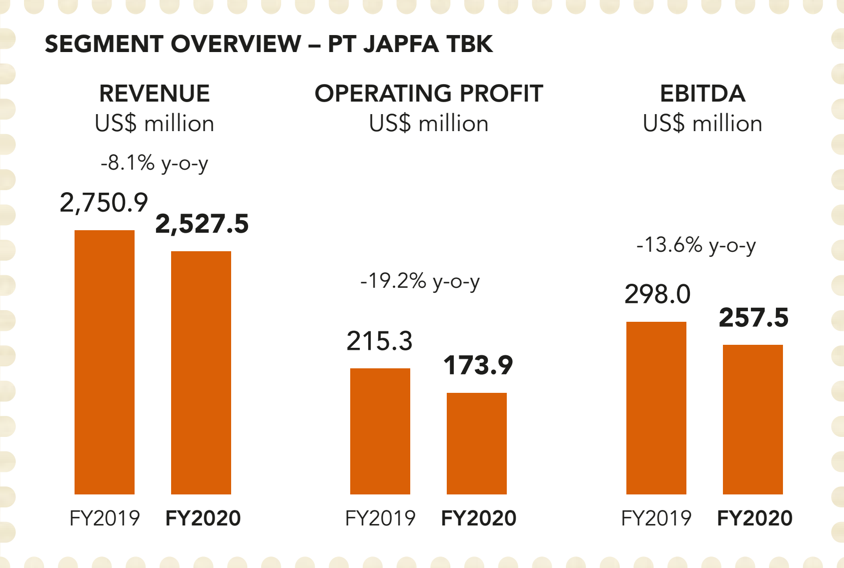
SEGMENTS

	(US$million)	FY2019	FY2020	%change
PT Japfa Tbk	Revenue[2]	2,750.9	2,527.5	-8.1% ▼
	Operating Profit	215.3	173.9	-19.2% ▼
	Operating Profit Margin	7.8%	6.9%	-0.9 pts ▼
	EBITDA	298.0	257.5	-13.6% ▼
	PAT	120.2	77.3	-35.7% ▼
	PATMI	55.3	45.2	-18.3% ▼
	Core PATMI w/o Forex	51.1	46.1	-9.7% ▼
Animal Protein Other	Revenue[2]	692.0	796.0	15.0% ▲
	Operating Profit	39.6	98.0	147.4% ▲
	Operating Profit Margin	5.7%	12.3%	6.6 pts ▲
	EBITDA	63.9	127.3	99.2% ▲
	PAT	42.0	78.4	86.6% ▲
	PATMI	42.2	78.1	85.2% ▲
	Core PATMI w/o Forex	29.3	75.3	156.5% ▲
Dairy	Revenue[3]	471.5	547.5	16.1% ▲
	Operating Profit	89.2	114.3	28.2% ▲
	Operating Profit Margin	18.9%	20.9%	2.0 pts ▲
	EBITDA	123.3	159.5	29.3% ▲
	PAT	55.3	103.7	87.6% ▲
	PATMI	55.3	86.5	56.4% ▲
	Core PATMI w/o Forex	69.7	98.6	41.4% ▲

1 EBITDA, PAT, and PATMI in FY2020 include an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA.
2 The combined revenue for PT Japfa Tbk & Animal Protein Other includes inter-segment revenue of US$5.4 million in FY2020 (FY2019: US$17.2 million).
3 The Dairy segment revenue includes inter-segment revenue of nil in FY2020 (FY2019: US$12.4 million).

OPERATING & FINANCIAL REVIEW

PT JAPFA TBK



The Group runs its animal protein operations through its IDX-listed subsidiary, PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), which is a market leader in the production of animal feed and proteins including poultry, beef and aquaculture. Following an intragroup reorganisation in 2020, the Consumer Food segment was transferred and consolidated into the PT Japfa Tbk segment, with the objective of fully integrating the downstream consumer food business with the upstream (poultry feed and breeding) and midstream (commercial poultry farming) businesses.

The poultry business (feed, breeding, commercial farms and poultry processing) represents the bulk of PT Japfa Tbk's revenue.

In FY2020, PT Japfa Tbk delivered solid results, albeit lower than FY2019, due to the negative impact of Covid-19 on consumer demand and, consequently, poultry prices in Indonesia.

Revenue declined by 8.1% y-o-y to US$2.5 billion (FY2019: US$2.8 billion) and operating profit by 19.2% to US$173.9 million (FY2019: US$215.3 million) mainly due to lower demand for poultry following Covid-19 related disruptions in Indonesia. Covid-19 measures have reduced the purchasing power of middle- and low-income households and, consequently, the demand for consumer staples such as poultry. This resulted in a drop in sales volumes of feed and Day-Old-Chick ("DOC") in FY2020 as well as in lower poultry prices.

In April 2020, broiler and DOC prices in Indonesia fell to one of the lowest levels since Japfa's IPO in 2014 due to an industry oversupply ahead of Ramadan coupled with a lower demand due to Covid-19. In August 2020, the government introduced initiatives to balance the demand and supply dynamics in the poultry industry. As a result of the strict enforcement of these initiatives, poultry prices stabilised in 4Q2020.

In FY2020, the feed business continued to be a stable pillar of profitability in PT Japfa Tbk. A successful procurement during the corn harvest season, coupled with the ability to manage raw material costs, have boosted the poultry feed operating margins to 13.6% in FY2020 (FY2019: 12.4%).

The aquaculture division delivered robust results on the back of higher sales volumes and feed margins.

Movement restrictions linked to the pandemic have altered consumer patterns towards processed foods. As a result, sales volumes in frozen products under the *So Good* brand in FY2020 have increased by over 10% compared to FY2019.

Amid a tough Covid-19 environment, PT Japfa Tbk delivered a solid EBITDA of US$257.5 million to the Group in FY2020, 13.6% lower compared to US$298.0 million in FY2019, and contributed a Core PATMI without Forex of US$46.1 million, 9.7% lower compared to FY2019.

ANIMAL PROTEIN OTHER

The APO segment comprises the Group's poultry and swine operations in Vietnam, and poultry operations in India and Myanmar.

In FY2020, APO operating profit rose 147.4% y-o-y to US$98.0 million (FY2019: US$39.6 million) on the back of a 15.0% y-o-y rise in revenue to US$796.0 million (FY2019: US$692.0 million). This exceptional growth was driven mainly by the swine operations in Vietnam which reaped the benefits of Japfa's long-term strategy in industrialised farming.

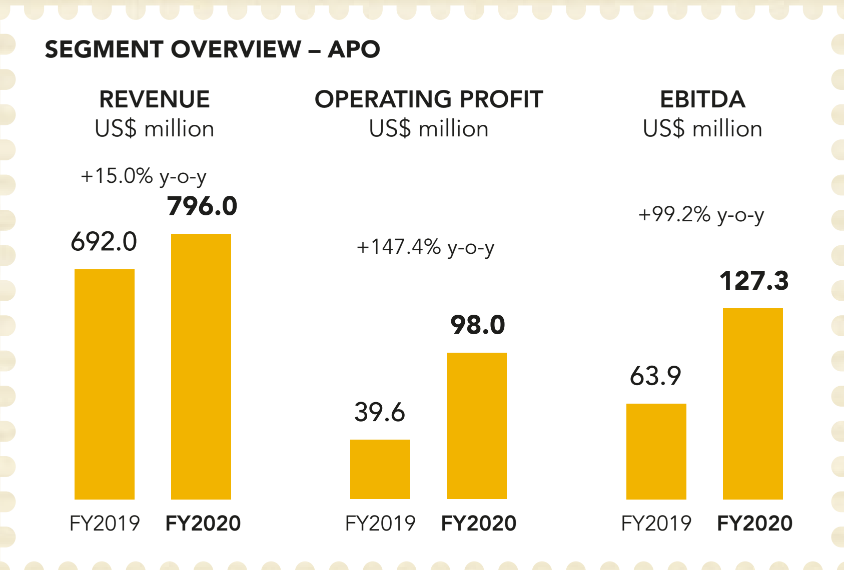
In APO-Vietnam, revenue grew 33.0% y-o-y to US$592.5 million (FY2019: US$445.6 million) while operating profit more than tripled to US$102.1 million (FY2019: US$31.8 million). This growth was driven by high swine fattening ASP, which remained strong in 2020 due to the supply shortage arising from the ASF outbreak, as well as by the increase in feed sales volume, which surpassed the 1-million-ton milestone in FY2020.

APO-Vietnam was able to contain and minimise the adverse impact of ASF on its swine population due to its industrialised business model, which encompasses strict bio-security protocols and strong farm management. The strategy to build a swine breeding pyramid, starting from its own Great Grand Parent ("GGP") farms, has also allowed APO-Vietnam to replenish its swine breeding stock faster than most competitors. As a result, APO-Vietnam was able to maintain its swine fattening sale volumes amid a general swine population decline in Vietnam, and capitalise on the rebound in swine fattening ASP since 4Q2019, thus recording strong profits in FY2020.

APO-Myanmar's revenue grew to US$96.6 million in FY2020 (FY2019: US$81.6 million). This segment recorded an operating loss of US$5.0 million in FY2020 (FY2019: operating profit of US$2.0 million) as broiler and DOC prices remained low due to the impact of Covid-19. APO-Myanmar, which represents less than 3% of the Group's total revenue, is still in the developing phase. The Group aims to grow the feed and breeding businesses over the long term.

With feed as a major contributor to revenue and profitability, APO-India turned in an operating profit of US$1.7 million (FY2019: operating loss of US$1.2 million) despite Covid-19 challenges. Revenue declined 20.4% to US$104.7 million (FY2019: US$131.5 million). The Group sees APO-India as another key growth market in the longer term and will continue to focus on growing the feed business.

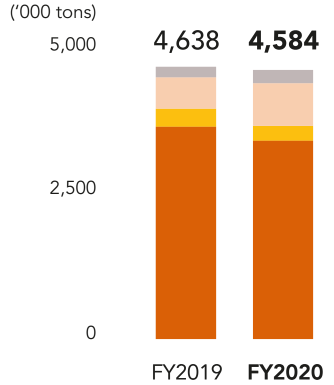
For FY2020, APO contributed an EBITDA of US$127.3 million to the Group, 99.2% higher compared to US$63.9 million in FY2019.



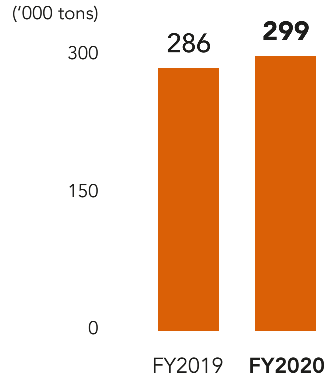
OPERATING & FINANCIAL REVIEW

ANIMAL PROTEIN – OPERATIONAL PERFORMANCE

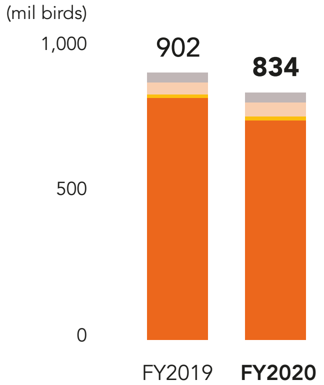
ANIMAL FEED – POULTRY
Sales Volume



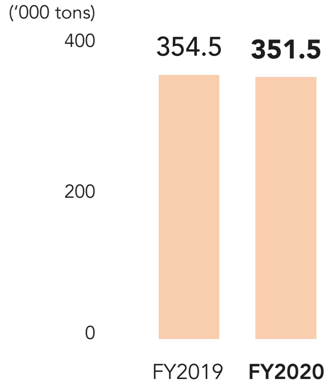
ANIMAL FEED – AQUACULTURE
Sales Volume



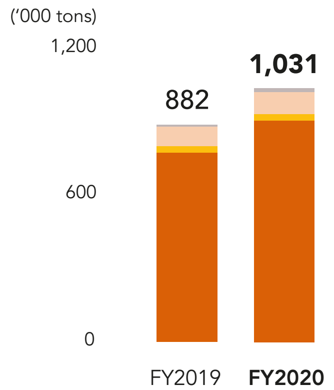
DOC – BROILER
Sales Volume



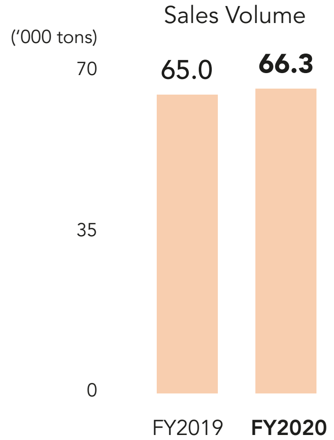
ANIMAL FEED – SWINE
Sales Volume



COMMERCIAL FARM – LIVE BIRDS
Sales Volume



SWINE FATTENING
Sales Volume



■ PT Japfa Tbk ■ Japfa India ■ Japfa Vietnam ■ Japfa Myanmar

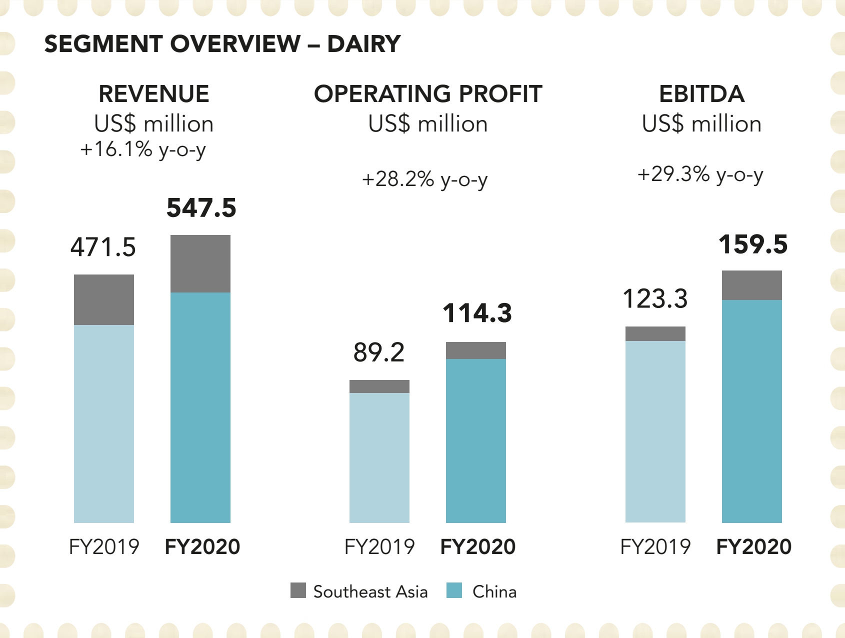
DAIRY

Dairy remained a strong pillar for revenue and profitability in FY2020. Revenue grew 16.1% y-o-y to US$547.5 million (FY2019: US$471.5 million) and operating profit increased 28.2% y-o-y to US$114.3 million (FY2019: US$89.2 million). This strong performance was driven by strong milk yields and higher raw milk prices in a supply shortage environment in China.

In Dairy-China, operating profit improved 16.4% to US$103.8 million (FY2019: US$89.2 million) on the back of 16.8% growth in revenue to US$438.5 million (FY2019: US$375.3 million). Sales volume rose to 565.5 million kg from 548.9 million kg in FY2019, allowing the segment to capitalise on higher raw milk prices, which had risen 8% y-o-y in 2020. The Group had been growing its dairy segment in China in recent years by increasing its raw milk production with new farms as well as by continuous improvements in milk yields through its industrialised business model. As a result, average daily milking ("ADM") in FY2020 hit 40.1 kg/head/day (FY2019: 39.6 kg/head/day), putting Dairy-China in a strong position to take advantage of a higher raw milk price environment.

The Group expects China's supply shortage and strong raw milk price environment to continue over the medium term as it takes time for the industry to build new dairy farms and reach the "full milking" stage. In the meantime, the expansion of dairy operations in China is going ahead with the construction of a new dairy farm in Chifeng, Inner Mongolia (Farm 8).

Beef operations in China also boosted revenue by US$60.0 million and PAT by US$17.8 million in FY2020.

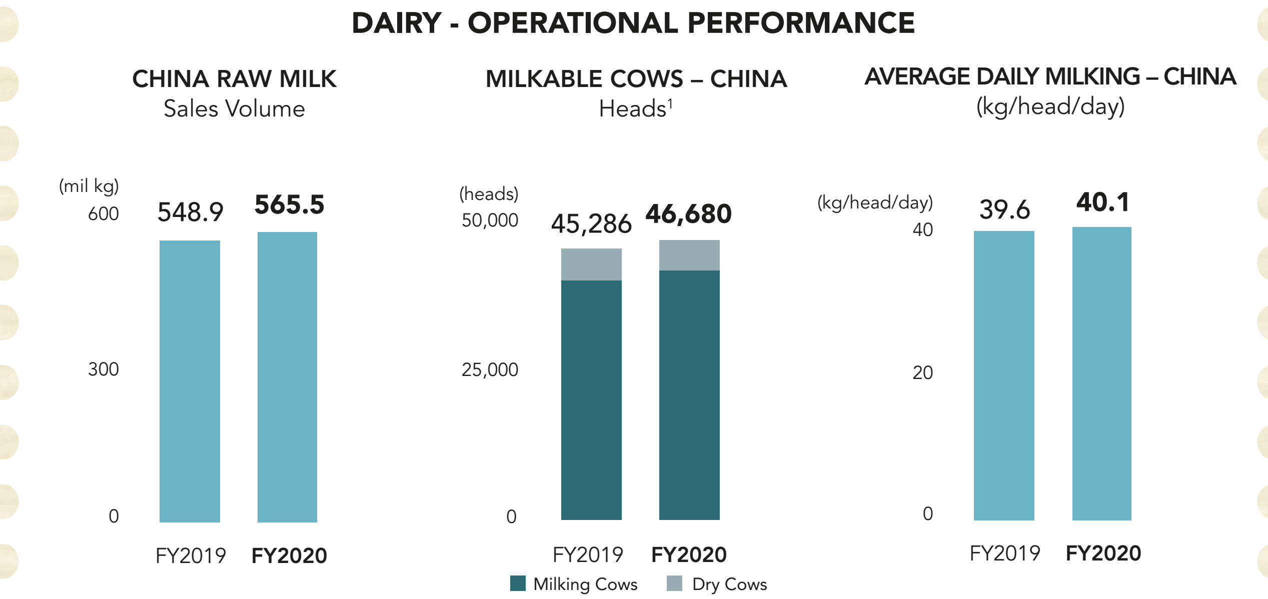


In Southeast Asia, revenue grew 13.4% y-o-y to US$109.0 million during the year (FY2019: US$96.1 million) while operating profit rose substantially to US$10.5 million (FY2019: US$0.7 million) on the back of higher sales volume of branded dairy products.

Following the sale to TPG and Northstar in 2020, Japfa retains 20% of Dairy-SEA, which will allow it to benefit from the upside potential from this strategic partnership to strengthen Dairy-SEA's position as a premium branded consumer dairy business in Southeast Asia. From 1 January 2021, equity accounting will be applied for the 20% stake retained by Japfa.

In FY2020, Dairy contributed an EBITDA of US$159.5 million to the Group, a 29.3% y-o-y increase over US$123.3 million in FY2019.

OPERATING & FINANCIAL REVIEW



1 Number of milkable cows as at the end of year.
Note: Total dairy herd population (which includes heifers and calves) in China as at 31 December 2020: 84,160 heads

BALANCE SHEET

As at 31 December 2020, the Group's total assets increased by US$357.5 million to US$3,667.9 million from US$3,310.4 million primarily due to an increase in property, plant and equipment, right-of-use assets, biological assets, cash and cash equivalents and other receivables. The Other receivables as at 31 December 2020 include a purchase consideration receivable of US$236.0 million relating to the effective sale of 80% interest in Dairy-SEA.

Equity attributable to Owners of the Parent increased by US$539.1 million to US$1,419.7 million from US$880.6 million mainly from the rights issue of US$66.7 million; a gain of US$121.6 million from the sale of 25% interest in Dairy-China to Meiji; and FY2020 PATMI of US$322.0 million, which includes an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA.

USE OF RIGHTS ISSUE NET PROCEEDS

The net proceeds from the Company's rights issue have been fully utilised as follows:

Use of rights issue net proceeds	Amount repaid US$ million
(a) Repayment of revolving facility	12.1
(b) Repayment of term facility	9.6
(c) Repayment of revolving facility under the syndicated facilities agreement	45.0
Total	**66.7***

* The accretion to capital of US$66.7 million reflects final net proceeds from the Company's rights issue.

The above utilisations are in accordance with the intended use of proceeds as stated in the Offer Information Statement.

BALANCE SHEET (US$million)	As at 31 Dec 2019	As at 31 Dec 2020	% Change
Total Assets	**3,310.4**	**3,667.9**	**10.8%**
Cash & cash equivalents	208.7	224.7	7.6%
Total Inventory	794.8	787.9	-0.9%
- Inventory (excluding fattening livestock)	*598.7*	*599.0*	*0.0%*
- Inventory - Fattening Livestock	*196.1*	*188.9*	*-3.7%*
Total Liabilities	**2,023.7**	**1,705.9**	**-15.7%**
Total Debt	1,482.4	1,164.1	-21.5%
- Loan and borrowings	*1,376.9*	*1,001.1*	*-27.3%*
- Lease liabilities	*105.5*	*163.0*	*54.5%*
Total Equity	**1,286.7**	**1,962.0**	**52.5%**
Equity attributable to the Owners of the Parent	**880.6**	**1,419.7**	**61.2%**
KEY RATIOS			
Net Debt / Equity Ratio (x)	1.0	0.5	
Net Debt (w/o lease liabilities) / Equity Ratio (x)	0.9	0.4	
Inventory Turnover days[1]	93.0	94.2	
NAV per share (US$)[2]	0.47	0.70	
NAV per share (S$)[2]	*0.64*	*0.93*	

1 Inventory turnover days is calculated based on the total inventory.
2 NAV per share has increased by US$0.23 (S$0.29) which include a US$0.07 (S$0.09) contributed from a sale of Dairy-SEA.

SUSTAINABILITY

Sustainability has been ingrained in our operations since the founding of Japfa 50 years ago and it is deeply rooted in what we do every day: nourishing millions of people in Asia with safe and affordable protein foods. Our sustainability strategies are aligned to the United Nations Sustainable Development Goals ("UN SDGs"), especially UN SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. We aim to grow our business sustainably so as to positively impact all our stakeholders; at the same time, we recognise the importance of preserving natural resources and ecosystems. This effort is captured in our vision of *Growing Towards Mutual Prosperity*.

In FY2020 our vision took on a deeper meaning when Covid-19 ravaged economies, industries, and livelihoods. Because of the pandemic, we had to look at our operations and the way we engage with our stakeholders from another perspective, while remaining unchanged in our commitment to ensure food security in a sustainable manner. This is why the theme of our 2020 Sustainability Report is *"Resilient"*.

In this process, we have been guided by our three Sustainability Pillars that we established to implement best practices in sustainability across the Japfa Group: Efficient production system; Developing our People and Improving Nutrition.

QUANTIFYING OUR IMPACT

Over the years we have continued to improve the efficiency of our production system and the effectiveness of our sustainability efforts. In 2020, we achieved a key milestone in this journey by completing a formal environmental Life Cycle Assessment ("LCA") to measure the environmental impact of PT Japfa Tbk's poultry operations and products and improve what really matters. Japfa is the first vertically integrated poultry producer in Indonesia to conduct a formal LCA to measure the environmental impact of our products throughout the vertically integrated chain. The LCA covers 27 poultry units in Indonesia, from feed production to the end product. Additionally, Japfa participated in a social LCA Project initiated by the United Nations Environment Life Cycle Initiative and Social LC Alliance. We were the only company representing the Southeast Asian region and the agri-food industry.

PEOPLE DEVELOPMENT

In 2020, we also continued our efforts in people development but, our priority was the health and safety of our staff through the application of health protocols throughout our operations to the best of our abilities during these challenging times. We adapted our development programmes to online training using digital sharing platforms and online communication tools.

SUSTAINABLE SUPPLY OF STAPLE PROTEIN FOODS

With the pandemic causing supply chain disruptions all over the world, food security and domestic production have become more relevant and, with this, our responsibility as a producer of essential and nutritious proteins. Our approach of "Produce locally to consume locally" helps us in mitigating supply chain issues. At the same time, we can engage suppliers and local farmers with a positive impact on local economies.

The pandemic emphasised the importance of biosecurity for both people and animals. Animal welfare is the cornerstone of our approach and we apply the principle of five freedoms to ensure our animals are

SUSTAINABILITY HAS BEEN INGRAINED IN OUR OPERATIONS SINCE THE FOUNDING OF JAPFA 50 YEARS AGO AND IT IS DEEPLY ROOTED IN WHAT WE DO EVERY DAY: NOURISHING MILLIONS OF PEOPLE IN ASIA WITH SAFE AND AFFORDABLE PROTEIN FOODS.

happy and healthy. The application of our strict biosecurity protocols allow us to provide our customers with food security and traceability, while ensuring that our animal are properly treated. We also focus on the efficient use of raw materials and resources such as energy and water and manage our waste responsibly.

THE COMMUNITY

While many of our regular activities were hampered because of Covid-19 restrictions, we continued to play our part on the ground. In Indonesia, under our Japfa Cares programme, we supported government efforts by providing healthy and nutritious protein foods produced by our Group. Although we were not involved in fighting the pandemic directly, we did our part by supporting the medical teams on the frontline. Through our subsidiaries, we donated chicken, eggs, tempura shrimp, dairy products and *So Good* processed chicken products worth over Rp 700 million.

Looking ahead to 2021 and beyond, we will be exploring more opportunities to increase resilience and improving sustainability.

To learn more about our comprehensive sustainability initiatives, please download Japfa's 2020 Sustainability Report from www.japfa.com. It was prepared in accordance with the Global Reporting Initiative (GRI) standards: Core Option.

SPORTS FOR LIFE BALANCE: JAPFA CHESS CLUB

Japfa has been a dedicated patron of chess since 2000 when it established the Japfa Chess Club as part of its quest to create and nurture Grand Masters ("GM") in Indonesia. Since then, the Club has grown into one of Indonesia's most prominent and respected chess clubs, giving support to some of the most talented players in the country. One of Indonesia's top players, GM Utut Adianto, is the current Chairman of the Club.

Working in close cooperation with the Indonesian Chess Federation (Percasi) for the past 20 years, Japfa has paved the way for professional chess players in Indonesia to hone their skills to achieve their GM titles and attain global renown. Two such examples are GM Susanto Megaranto, who won his GM title at the age of 17 with Japfa's sponsorship, and Woman Grand Master ("WGM") Medina Warda Aulia.

Another aspect of the Japfa Chess Club is to scout and train amateur and junior chess players. This is done through special youth mentorship programmes jointly conducted by Japfa and the Percasi Regional Committee. Japfa's strategy is to promote chess in Indonesia from as early as elementary school through the Japfa for Kids initiative, where kids with potential for the game are identified and groomed for the big leagues from a young age.

Even though the Club's chess events were limited in 2020 due to the Covid-19 pandemic, Japfa was still able to organise key events online that included:

Key Chess Events in 2020

Youth Training (South Lampung & Gorontalo) - Online intensive training for five youth talents	Rapid Chess Tournament for Japfa Employees
SEA Games Training Centre – GM Susanto Megaranto represents Indonesia's Chess Team	Online Training Programme for Japfa Employees and Young Talents – By Coach National Master Surya Wahyudi

JAPFA

JAPFA SUSTAINABILITY PILLARS

AFFORDABLE NUTRITIOUS PROTEIN

Efficient Production System

Large Scale Operations & Advanced Technology

Healthy Animals

Biosecurity
Vaccines
Animal Welfare
Balanced Feed

Efficient Use of Resources

Energy
Water
Reusable Packaging
Local Sourcing

Minimise Waste & Emission

Manure to Fertiliser
Air Pollution Control
Wastewater Treatment

People Development

Knowledge Management

Employees

Training & Development
Sports for Life Balance

Farmers

Technical Assistance
Skills Improvement

Community

Education Programmes Focused on Agriculture

Improving Nutrition

Feed More People

Facilitating Access to Affordable Protein

Geographical Reach
Industrialised Approach

JAPFA for Kids

Education Programmes about Balanced Diet for Children and Teachers

Food Safety & Traceability

Food Safety & Hygiene Standards
Halal Slaughterhouses
Traceability back to the Farm

Handojo Santosa @ Kang Kiem Han

Executive Chairman

Mr Santosa was appointed Executive Director on 19 December 2008, and assumed the role of Executive Chairman of the Board on 18 April 2019. He was last re-elected on 25 June 2020.

Mr Santosa is in charge of the overall management of our Group's business and operations. He oversees the formulation of our Group's corporate planning, strategic direction, business and corporate policies.

Mr Santosa joined our Group in 1986 as a manager in the edible oil division at Nilam in Surabaya where he was in charge of the division's day-to-day operations.

From 1989 to 1997, he served as Vice-President Director of our subsidiary, PT Japfa Comfeed Indonesia Tbk. In 1997, he was appointed as President Director of PT Japfa Comfeed Indonesia Tbk, a role in which he has oversight of the PT Japfa Group's operations. His responsibilities include overseeing the entire operations of the PT Japfa Group including the Aquaculture Division, Trading Division and the Beef Cattle Division.

BOARD OF DIRECTORS

Hendrick Kolonas

Executive Director

Mr Kolonas was appointed Non-Executive Director on 18 February 2013 and last re-elected on 25 June 2020. Since 1 January 2021, he has taken on an executive role and became an Executive Director.

Mr Kolonas joined our Group in 2012 as Vice-President Commissioner of our subsidiary, PT Japfa Comfeed Indonesia Tbk. Prior to joining our Group, he was the branch manager at the Head Office (Operational) of Bank Dagang Nasional Indonesia. During his time there from 1983 to 1988, he was involved in organising and managing various departments within the branch.

Mr Kolonas has also served on the board of Bank Tiara Asia, where he was President Director from 1989 to 1997 and Vice-President Commissioner from 1997 to 1998. Mr Kolonas founded PT Celebes Artha Ventura in 1996 and spearheaded investments into various financial services businesses. He has been the President Commissioner of PT Celebes Artha Ventura since 2010.

Mr Kolonas graduated from Middlesex University, United Kingdom ("UK") in 1982 with a Bachelor of Arts (Hons), degree in Accounting and Finance. He also has a Master's degree in Business Administration from Schiller International University, UK and a Master of Arts degree in Banking Administration from University of Hull, UK, which he attained in 1983 and 1989, respectively.

Tan Yong Nang

Executive Director & Chief Executive Officer

Mr Tan was appointed Executive Director on 1 June 2009 and last re-elected on 25 June 2020. Concurrently, he has been the Group's Chief Executive Officer ("CEO") since 1 January 2014. As CEO, he is in charge of leading the development and execution of our long-term strategy, and responsible for all day-to-day management decisions.

Mr Tan joined our Group in 2007 as an assistant to the CEO and Chief Operating Officer ("COO") of Corporate Services before taking on the position of COO of our Group in 2011. He spearheaded the growth of our Group's operations in the region such as the expansion of our swine and dairy business segments, and had oversight of the management functions across our Group's businesses. Mr Tan is also involved in the management of our Group's financial liabilities and has assisted our Group in diversifying its financial relationships to include regional and international banking organisations.

Mr Tan started his career as a statistician at the Department of Statistics, Singapore and went on to become a research economist with Singapore's Ministry of Trade and Industry. He joined the Prudential Group in 1988 as an investment analyst based in Hong Kong and the USA.

From 1991 he worked for the PAMA Group Inc.'s group of companies ("PAMA Group"), becoming a partner of PAMA BVI in 2001. He was involved in setting up several equity funds of the PAMA Group and handling the funds' investment portfolio in Southeast Asia. He was also an Investment Committee member of PAMA BVI. In 2003, Mr Tan joined Delifrance Asia Ltd as its CEO, and in 2005, he joined Li & Fung Group as its Project Director and COO.

Mr Tan graduated with a Bachelor of Arts (Economics) degree from the University of Cambridge, UK in 1983. He was also registered as a Chartered Financial Analyst with The Institute of Chartered Financial Analysts, USA in 1992.

Kevin John Monteiro

Executive Director & Chief Financial Officer

Mr Monteiro was appointed Executive Director on 16 April 2014 and last re-elected on 25 June 2020. He is also our Chief Financial Officer responsible for developing a balanced capital structure, to source for adequate funding for our Group, and to ensure the integrity of the Group's financial data. He has oversight over all the financial operations of our Group.

Mr Monteiro was previously the Head of Corporate Finance of our subsidiary, PT Japfa Comfeed Indonesia Tbk and has longstanding experience of working in the agri-food industry, having joined PT Japfa Comfeed Indonesia Tbk in 1999. His responsibilities in this position included overseeing the Company's capital structure and managing equity-related matters such as investor relations, annual reports and IDX-compliance.

Prior to joining PT Japfa Comfeed Indonesia Tbk, Mr Monteiro was a financial advisor to another IDX-listed company between 1995 and 1999. Between 1985 and 1995, Mr Monteiro practised as a chartered accountant, first as a sole practitioner, and later as a partner of Callaway & Hecht in Melbourne. Whilst in practice, Mr Monteiro was a registered tax agent and registered company auditor in Australia.

Mr Monteiro obtained a Bachelor of Economics degree from Monash University, Australia in 1979 and has been a member of the Institute of Chartered Accountants in Australia since 1982.

BOARD OF DIRECTORS

Ng Quek Peng

Lead Independent Director

Mr Ng has been an Independent Director of our Board since 29 July 2014 and last re-elected on 25 June 2020. He was appointed Lead Independent Director on 18 April 2019.

Mr Ng has more than 30 years of experience in the corporate finance and securities industry in Singapore and Malaysia, advising clients on corporate restructuring, mergers and acquisitions and fund raising. In the course of his career, he has held positions in foreign and local financial institutions, including Citicorp Investment Bank (Singapore) Ltd, OCBC Securities Pte Ltd, ABN Amro Bank and CIMB Bank Berhad, Singapore Branch.

Mr Ng was with Temasek Holdings Private Ltd as Managing Director of its Portfolio Management division and as Chief Representative China. He was also a Director of GMR Infrastructure (Singapore) Pte. Ltd (part of the India-based GMR Group) and was involved in the development of their infrastructure projects in Southeast Asia.

Mr Ng graduated with a degree in Civil Engineering from the University of London in 1976 and has been a member of the Institute of Chartered Accountants in England and Wales since 1980.

Lien Siaou-Sze

Independent Director

Ms Lien was appointed to our Board on 29 July 2014 and last re-elected on 25 June 2020. She is currently a Senior Executive Coach at Mobley Group Pacific, a management consulting firm which she joined in 2006.

Ms Lien currently serves as the Chairwoman of the Board of Directors of the Confucius Institute at Nanyang Technological University.

Ms Lien joined Hewlett-Packard Singapore (Private) Limited in 1978. During her time there, she headed its Technology Solutions Group Asia Pacific and Japan and retired in 2007 as a Senior Vice President.

Ms Lien graduated with a Bachelor of Science degree in Physics from the former Nanyang University in 1971 and attained a Master degree in Computer Science from London University, Imperial College of Science and Technology in 1973. In 2011, she was awarded the Bintang Bakti Masyarakat (Public Service Star) for valuable public service by the Singapore Government and was also appointed a Justice of the Peace by the President of Singapore in 2013.

Manu Bhaskaran

Independent Director

Mr Bhaskaran was appointed to our Board on 18 April 2019 and last re-elected on 25 June 2020. He is currently a Partner of the Centennial Group where he is also founding CEO of its Singapore subsidiary, Centennial Asia Advisors, responsible for its Asian business.

Mr Bhaskaran is also Adjunct Senior Research Fellow at the Institute of Policy Studies. From 1989 to 2001, Mr Bhaskaran was with Société Générale's Asian investment banking division where he supervised Asian economic and investment strategy, and was also a member of the Executive Committee. From 1982 to 1989, Mr Bhaskaran worked for the Singapore government, supervising a team that prepared strategic political and economic assessments of Asia for senior Singapore government officials.

Mr Bhaskaran served as Chairman of a high-level government committee that reviewed the regulation of moneylenders in Singapore in 2014 and 2015. He is also a Member of the Competition Appeals Board, Singapore; Member of the Regional Advisory Board for Asia of the International Monetary Fund; Council Member in Singapore Institute of International Affairs (SIIA); and, Vice-President, Economics Society of Singapore. He currently serves on the boards of CIMB Investment Bank and Luminor Capital.

Mr Bhaskaran graduated with an honours degree in Economics from Magdalene College, Cambridge University in 1980 and a Master in Public Administration from John F Kennedy School of Government at Harvard University in 1987. He is also a Chartered Financial Analyst.

Tan Kian Chew

Independent Director

Mr Tan Kian Chew was appointed to the Board on 18 April 2019 and last re-elected on 25 June 2020. He is currently Chairman of the Centre For Senior (IPC), and Chairman of Central Co-operative Fund Committee, MCCY. Mr Tan is also advisor to Incofood Management Services Pte Limited.

Mr Tan served in the Republic of Singapore's Navy from 1975 to 1983. He was the Head of Naval Operations when he left to join Singapore Government's elite Administrative Service and was posted to the Ministry of Trade and Industry. In 1988, he was posted to the Prime Minister's Office where he served as the Principal Private Secretary to the Deputy Prime Minister. In 1992, Mr Tan joined NTUC FairPrice as its Assistant General Manager. He was appointed as CEO in 1997 and left in 2015 to join Singapore Labour Foundation as its CEO in January 2016 and retired in December 2018.

Mr Tan was awarded a SAF (Overseas) Scholarship in 1972. He graduated with a degree (First Class Honours) in Mechanical Engineering from the University of Aston in Birmingham, UK in 1975. He also completed an Advance Management Programme from Harvard University in 2000. In 1991, he was awarded the Singapore Public Administration Medal (Silver) and in 2014, he received the NTUC May Day Award – Medal of Commendation (Gold).

Chia Wee Boon

Independent Director

Mr Chia was appointed to our Board on 1 January 2021.

Mr Chia joined Hewlett-Packard Singapore in 1982 as a Systems Engineer and last held the position of a Senior Vice President, Global Strategic Alliance with Hewlett-Packard, Palo Alto, California in 2009.

He joined NCS Pte Ltd ("NCS"), a subsidiary of Singapore Telecommunications Limited ("SingTel") as Chief Operating Officer in June 2009 and was appointed Chief Executive Officer on 1 July 2010. He currently serves as an advisor for SingTel Group Strategy, following his retirement from NCS in 2019.

Mr Chia had served on various national Committees such as the Singapore Police Association for National Servicemen, the Civil Defence Association for National Servicemen and the National Institute of Education Council. He was a Member of the NUS Institute of Systems Science Board and currently sits on the Board of the Singapore Institute of Management and the Nanyang Academy Fine Arts.

Mr Chia graduated with a degree (First Class Honours) in Computing Studies with the University of East Anglia, Norwich, UK in 1981 and attained a Master degree in Management Science from Imperial College, London UK in 1982. He completed the General Managers Programme from Harvard Business School, USA, in 1999 and the Directorship Programme from SID-SMU, Singapore, in 2020.

Bambang Budi Hendarto

Chief Operating Officer,
Operation 1 – Poultry Indonesia

Mr Hendarto oversees the entire poultry operations, including the feed, breeding and commercial aspects. He is also responsible for establishing corporate objectives and strategic plans for our poultry operations. Mr Hendarto joined our Group in 1978 as a Nutrition Manager in the Production Planning Control Department where he was involved in supervising and coordinating the activities for the production of formula feed. He became a Vice Director (Deputy Director) of PT Comfeed Indonesia in 1981 and led the Feed Division of our Group's operations in Indonesia.

Over the course of his career with our Group, Mr Hendarto held various positions of increasing seniority and responsibility. In 1997, he was appointed the Vice-President Director of PT Japfa Comfeed Indonesia Tbk, a role he still holds today, leading the breeding and commercial poultry operations of our Group and overseeing the execution of our Group's corporate objectives and strategies relating to such operations.

Mr Hendarto graduated from Brawijaya University in 1972 with an Engineering degree in Animal Husbandry.

Edgar Dowse Collins

Head of Dairy

Mr Collins is responsible for the day-to-day operations of our Group's Dairy Division and is in charge of formulating, developing and implementing both strategic and long-term business plans for the dairy operations.

Mr Collins has accumulated many years of industry experience having been involved in beef and cattle operations throughout his career. He has been with AustAsia Food Pte. Ltd. ("AustAsia"), a subsidiary of the Group, since 1999 and is currently its Managing Director. Before AustAsia, he was Head of Operations of another of the Group's subsidiaries, PT Santosa Agrindo, where he was involved in the development of a cattle and beef business in Indonesia.

Prior to joining our Group, Mr Collins was General Manager for approximately two years at BxE Commodities Pty Ltd, a company engaged in the business of import and trading of cattle feed commodities in Australia's and New Zealand's dairy industries. While there, he was involved in establishing a system for the importation, trading and distribution of its feed products such as coprameal and palm kernel extract to commercial farmers and feedmills.

SENIOR MANAGEMENT

Antonius Harwanto

Deputy Chief Operating Officer, Operation 1 – Poultry Indonesia

Mr Harwanto is responsible for setting up the vision, mission and strategies to achieve sustainable growth for the Group's poultry business in Indonesia. Mr Harwanto has been with PT Japfa Comfeed Indonesia Tbk since 1979. From 1979 to 1999, he held various positions in transportation, sales and marketing and served as the unit head of Cikupa, Cirebon and Sidoarjo, respectively.

In addition, Mr Harwanto has been serving as a Director of PT Indojaya Agrinusa since 1995. From 1999 to 2012, he was the Commissioner of PT Multibreeder Adirama Indonesia Tbk. Concurrently, he served as a Director of PT Multiphala Agrinusa from 2001 to 2008, and was subsequently appointed to its President Director from 2008 until 2010.

Between 2003 and 2017, Mr Harwanto was the Head of Feed Division, before he was promoted to his current position. Mr Harwanto graduated from the 17 August 1945 University in Surabaya, Indonesia, with an Economics degree in 1986.

Christina Chua Sook Ping

Head of Legal and Compliance

Ms Chua oversees all legal, compliance and secretarial functions of our Group's operations. She joined our Group in 2010.

Ms Chua has more than 20 years of experience in legal practice. She joined Drew & Napier LLC in 1990 and later joined Rajah & Tann LLP in 2007. During her time in practice, Ms Chua was a partner in the corporate and tax departments of both firms and was recommended in the 2003/2004, 2004/2005 and 2006/2007 editions of The Asia Pacific Legal 500 for Mergers & Acquisitions with a technology specialisation, for her role in advising in the Bharti Changi Consortium in respect of the modernisation and restructuring of the Mumbai and Delhi airports and as a leading individual, respectively.

She was also named in both Who's Who – Legal (Singapore) for Mergers & Acquisitions and the International Tax Review 2004 as a leading tax practitioner in Singapore. She was highly recommended for tax (particularly infrastructure and cross border) transactions in PLC Which Lawyer? Yearbook Singapore 2008/2009 edition and was also named as a highly recommended tax lawyer in PLC Tax on Transactions Handbook 2009/2010 edition.

Ms Chua graduated with a Bachelor of Laws (Honors) degree from the National University of Singapore in 1989 and was admitted as an advocate and solicitor of the Supreme Court of the Republic of Singapore in 1989. She has been a member of both the Law Society of Singapore and the Singapore Academy of Law since 1990.

Arif Widjaja

Country Head, Japfa Comfeed Vietnam Limited Company

Mr Widjaja was appointed Co-Country Head of Japfa Comfeed Vietnam Limited Company in 2017. Since 1 January 2021, he became the Country Head of Japfa Comfeed Vietnam Limited Company.

Mr Widjaja started his career with the Group in 1989 as an Overseas Coordinator, managing the logistics and trading of the Edible Oil Division at Nilam in Indonesia.

He subsequently joined the procurement department of PT Japfa Comfeed Indonesia Tbk as Assistant to Head of Procurement Feed Division before his promotion to Head of Procurement for the Group – a position which he held for 18 years, from 1999 to 2017.

Mr Widjaja holds a Master of Business Administration degree from the University of Portland, Oregon, USA.

CORPORATE INFORMATION

BOARD OF DIRECTORS

HANDOJO SANTOSA @ KANG KIEM HAN
Executive Chairman

HENDRICK KOLONAS
Executive Director (wef 1 Jan 2020)
(Non-Executive, Non Independent Director (1 Jan 2020 - 31 Dec 2020)

TAN YONG NANG
Executive Director and
Chief Executive Officer

KEVIN JOHN MONTEIRO
Executive Director and
Chief Financial Officer

NG QUEK PENG
Lead Independent Director

LIEN SIAOU-SZE
Independent Director

MANU BHASKARAN
Independent Director

TAN KIAN CHEW
Independent Director

CHIA WEE BOON
Independent Director

AUDIT COMMITTEE

NG QUEK PENG
Chairman

LIEN SIAOU-SZE

TAN KIAN CHEW

NOMINATING COMMITTEE

MANU BHASKARAN
Chairman

HENDRICK KOLONAS

TAN KIAN CHEW

REMUNERATION COMMITTEE

LIEN SIAOU-SZE
Chairwoman

NG QUEK PENG

HENDRICK KOLONAS
(1 Jan 2020 - 31 Dec 2020)

CHIA WEE BOON
(wef 1 Jan 2021)

COMPANY SECRETARIES

CHRISTINA CHUA SOOK PING
LLB (Hons)

CHENG SAI HONG
ACS, ACIS

INVESTOR RELATIONS

investorcontact@japfa.com

AUDITOR

ERNST & YOUNG LLP
One Raffles Quay
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Singapore 048583
Partner-in-charge:
Toong Weng Sum Vincent
(Chartered Accountant of Singapore)
Since financial year ended
31 December 2017

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Singapore 048623

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Singapore 189767

DBS BANK LTD.
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Marina Bay Financial Centre Tower 3
Singapore 018982

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Menara BCA
Jl. MH Thamrin No. 1
Jakarta 10310
Indonesia

PT BANK MANDIRI (PERSERO) TBK
Jl. Jenderal Gatot Subroto Kav. 36-38
Jakarta 12190
Indonesia

PT BANK MAYBANK INDONESIA
Sentral Senayan 3
Jl. Asia Afrika No. 8, Senayan
Jakarta 10270
Indonesia

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STOCK CODES

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BLOOMBERG: JAP SP
REUTERS: JAPF.SI

WEBSITE

www.japfa.com

CORPORATE GOVERNANCE

Japfa Ltd ("Japfa" or the "Company", and together with its subsidiaries, the "Group") is committed to maintaining good corporate governance and business integrity in the Group's business activities, so as to deliver long-term and sustained value for its stakeholders.

This report lists out Japfa's corporate governance framework, with specific reference to the principles of the revised Code of Corporate Governance 2018 ("2018 Code") issued by the Monetary Authority of Singapore on 6 August 2018.

Japfa has complied in all core Principles 2018 Code, and will regularly review its governance policies and practices to track developments in market best practices and regulations.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company

The principal functions of the Board of Directors (the "Board") are to:

- Supervise the management of the business and affairs of the Company;
- Approve the Group's strategic plans, major investments, disposals and funding decisions;
- Identify the Group's business risks;
- Review on the implementation of appropriate systems to manage identified risks;
- Monitor and review the Group's financial performance; and
- Review management's performance.

To assist in the execution of its responsibilities, the Board is supported by the Executive Director Committee ("Exco"), Nominating Committee ("NC"), the Remuneration Committee ("RC"), and the Audit and Risk Committee ("ARC"). Each Board Committee has clear terms of reference of its duties, responsibilities and authority.

The Board will meet at least four times a year to consider and resolve major financial and business matters of the Group. Where necessary, informal meetings will be held to deliberate on various issues. Between scheduled meetings, material matters which exceed the authority conferred on the Exco are put to the Board for its decision by way of circular resolution.

Management of the day-to-day operations and the implementation of internal control systems is delegated to the Exco comprising the Chairman, Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company. The Exco operates under a set of authority matrix as set by the Board and the CEO periodically reports to the entire Board on material decisions and actions taken by the Exco in the previous quarter, or that are foreseen for the next quarter.

Material transactions requiring board approval include material corporate restructuring, joint venture, mergers and acquisition, debt or capital market transaction, change of the Company's constitutional documents and commencement of any material litigation by the Company. Directors will disclose and abstain from discussing and voting on the any transaction in which they or their associate, directly or indirectly, have a personal interest.

All members of the Board have separate and independent access to the Company's senior management and the Company Secretaries at all times.

Prior to Board meetings, all Directors are provided with board papers so that the Directors have complete, adequate, and timely information to enable them to be adequately prepared for the meeting.

Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

CORPORATE GOVERNANCE

Generally, a Company Secretary attends all Board and Board Committee meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with and is also responsible for advising the Board on all matters relating to corporate governance. The appointment and the removal of a Company Secretary is a matter for the Board as a whole.

The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively and such costs are borne by the Company.

Our Directors generally keep themselves updated on new laws and regulations as well as changes in the industry and general economic environment. The Company also engages external lawyers to brief the Board on material changes to their statutory duties and to update them on material changes in laws and regulations. External seminars and conferences are arranged for the Directors when appropriate.

New Directors joining the Company will receive a letter of appointment and briefing notes to inform and remind the Director(s) of his/her duties and obligations as a member of the Board, the Constitution of the Company and the terms of reference of each Board Committees. To help new Directors to familiarize themselves with the Group's operations, they will be given an orientation (which includes site visits to relevant operating subsidiaries) by the Executive Directors and senior management. There was no new director appointed during FY2020.

Attendance of Board and Committee meetings in FY2020

	Board Meetings	ARC Meetings	NC Meetings	RC Meeting
Number of meetings held	**6**	**4**	**1**	**3**
Name of Directors		**Number of meetings attended**		
Handojo Santosa @ Kang Kiem Han	5	1^	–	–
Hendrick Kolonas	6	4	1	3
Tan Yong Nang	6	4^	–	–
Kevin John Monteiro	6	4^	–	–
Ng Quek Peng	6	4	–	3
Lien Siaou-Sze	6	4	–	3
Manu Bhaskaran	6	4^	1	–
Tan Kian Chew	6	4	1	

^ By invitation

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

For FY2020, the Board comprises eight Directors. with Independent Directors making up half of the Board as required under guideline 2.2 of the Code of Corporate Governance 2012 (such provision continues to apply prior to 1 January 2022).

An additional Independent Director, Mr Chia Wee Boon, was appointed on 1 January 2021. As at the date of this Annual Report, the Board comprises nine Directors, with Independent Directors making up a majority of the Board as required under guideline 2.2 of the Code of Corporate Governance 2018 .

The Company does not have a formal diversity policy. The current Board comprises 9 board members with a wide range of skills, knowledge, experience and geographical exposure. Out of the 9 Board members, 5 are Independent Directors and, since our listing in 2014, there has been a female Director on our Board. As set out in the biographical notes in the Annual Report, the current Board includes members with different backgrounds and experience (including banking, finance, technology, distribution and agri-food)

The Company believes that its Board has an appropriate level of independence and diversity thought and background in its composition to enable it to make decisions in the best interests of the Company.

CORPORATE GOVERNANCE

The nature of the Directors' appointments and committee memberships for FY2020 is set out below:

Board Composition Table

Name	Date of Appointment	Date of re-election	Board Membership	ARC	NC	RC
Handojo Santosa @ Kang Kiem Han	19 December 2008	25 June 2020	Executive, Chairman	–	–	–
Hendrick Kolonas	18 February 2013	25 June 2020	Non-executive* Non-Independent		Member	Member**
Tan Yong Nang	1 June 2009	25 June 2020	Executive	–	–	–
Kevin John Monteiro	16 April 2014	25 June 2020	Executive	–	–	–
Ng Quek Peng	29 July 2014	25 June 2020	Independent Lead ID	Chairman	–	Member
Lien Siaou-Sze	29 July 2014	25 June 2020	Independent	Member	–	Chairwoman
Manu Bhaskaran	18 April 2019	25 June 2020	Independent	–	Chairman	–
Tan Kian Chew	18 April 2019	25 June 2020	Independent	Member	Member	–

* Hendrick Kolonas was re-designated as Executive Director on 1 January 2021
** Mr Chia Wee Boon, Independent Director, appointed on 1 January 2021, replaced Hendrick Kolonas as member of the RC on 1 January 2021

PRINCIPLE 3: CHAIRMAN AND CEO

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

The Chairman and the CEO of the Company are separate persons and are not related to each other.

Both the Chairman and the CEO are Executive Directors.

The roles of the Chairman and the CEO are kept separate and the division of responsibilities between them are set out in writing.

The Chairman is responsible for the overall direction of our Group's business and operations strategies, including making any major corporate decisions. He oversees the formulation of our Group's corporate planning, strategic direction, business and corporate policies and is responsible for the workings of the Board. He leads the Board in its discussions and deliberation, facilitates effective contribution by Directors and exercises control over the timeliness of information flow between the Board and the Management.

The CEO is in charge of leading the development and execution of long-term strategy. He implements the decision of Board and is responsible for all day to-day operation of the Company

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

<u>NC Composition and Role</u>

In FY2020, the NC comprises three Directors, the majority of whom, including the NC Chairman, are Independent Directors.

Please refer to the Board Composition Table for the names and composition of the NC.

CORPORATE GOVERNANCE

The NC is responsible for:

1. making recommendations to the Board on matters relating to:

   (i) the review of board succession plans for Directors, in particular, the Chairman of the Board and the CEO;

   (ii) the reviewing of training and professional development programs for the Board; and

   (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

2. reviewing and determining annually, and as and when circumstances require, whether a Director is independent, in accordance with the 2018 Code and any other salient factors;

3. reviewing the composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;

4. (where a Director has multiple board representations), deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representation and other principal commitments;

5. making recommendations to the Board on the development of a process for evaluation and performance of the Board, its committees and Directors; and

6. implementing process for assessing the effectiveness of the Board as a whole and its Board Committees and the contributions of each individual Director to the effectiveness of the Board.

<u>Process for selection and appointment of new Directors</u>

Potential candidates are sourced through a variety of channels, for example, recommendations from financial institution, business/industry contacts, network of board members or professional search firms (if required.)

The CEO will meet up with the potential candidates before recommending the candidates for consideration by the NC.

During the selection process, NC will take into consideration among others,

(i) the current composition of the board;

(ii) the position vacated or new position to be filled;

(iii) qualifications and experience of the candidates.

NC Chairman reports to the Board on its recommendation of candidates and the Board will consider and if thought fit, approves nominated Director candidate(s). If timing permits, the Board will recommend for the candidate(s) to stand in for election as Director(s) by the Shareholders at the Annual General Meeting ("AGM").

<u>Evaluation and Re-appointment of Directors</u>

Individual Directors and Board evaluates its effectiveness by completing an evaluation questionnaire that include topics such as Individual Director's Competencies, Board Structure, Strategy and Performance, Risk Management and Internal Control, Information to Board and Shareholders, Board Functions and Standards of Conduct, Preparation and participation in for Board/ Committee meetings. The evaluation results are compiled by the NC and tabled for review by the Board collectively.

All Directors will retire from office at the AGM and will submit themselves for re-nomination and re-election each year.

NC will examine the conduct of the Board of Directors (individually and collectively) for the past year and the board size, knowledge and experience of existing directors before recommending Directors to stand for re-election at the AGM.

CORPORATE GOVERNANCE

NC is of the view that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company.

NC is satisfied that each of the Independent Directors is independent in character and judgement and there are no relationships or circumstances which could adversely affect the Independent Directors' judgement.

In view of the above, NC recommended that all Directors be nominated to stand for re-election at the AGM.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

RC Composition and Role

The RC comprises three Directors, the majority of whom, including the RC Chairwoman, are Independent Directors.

Please refer to the Board Composition Table for the names and composition of the RC.

The RC is be responsible for:

1. reviewing and recommending to the Board for endorsement, a comprehensive remuneration policy framework and guidelines for the Directors, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel");

2. reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each Directors and Key Management Personnel;

3. reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;

4. in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance;

5. approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board; and

6. considering and reviewing the remuneration packages periodically in order to maintain their attractiveness, to retain and motivate the Directors and Key Management Personnel and to align the level and structure of remuneration with the long-term interests and risk policies of the Company.

Executive Directors are employees of the Company and do not receive Directors' fee.

CORPORATE GOVERNANCE

Remuneration Framework and Pay Philosophy

The remuneration framework is designed to support the implementation of the Company's strategy and to enhance shareholder value. The Company's Pay Philosophy is based on the following principles:

- Performance-driven – The remuneration supports a pay-for-performance mindset, ensuring that targets are appropriately set and short-term incentives are based on the achievement of these performance factors.

- Forward-looking – Long-term incentive plans also measure performance over a multi-year forward looking period, ensuring that our near-term actions are built on continuity and sustainability.

- Competitive – Each remuneration component is benchmarked accordingly against the respective marketplace, ensuring that the we continue to attract and retain the best.

In reviewing the remuneration package of the key executives, the RC, with the assistance of Human Resources and external consultants engaged by the Company, considers the level of remuneration based on the Company's remuneration policy which comprises of the following distinct objectives:

- to reward employees for achieving corporate and individual performance targets in a fair and equitable way; and

- to ensure that the remuneration reflects employees' duties and responsibilities.

Particularly for key executives, the Company places importance on a long-term incentive plan to encourage key executives to adopt a balanced focus between achievement of short and long-term results.

When determining the fixed and variable component for a key executive, the key executive's individual performance is taken into consideration and remuneration recommendations are reviewed based on competitive market practices and information gathered from market surveys. As the Company has operations spread over a few countries, the remuneration is benchmarked against comparable companies in the region. This is further reviewed along with the Group's and individual performance, taking into consideration specific key performance indicators tracked over time. The Company exercises its discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and to ensure the long-term success of the Company. The current pay level and mix for Executive Chairman and CEO and the Long-Term Incentive Plan approved by RC was designed by Mercer Singapore.

Directors' Remuneration

Shareholders approved the payment of FY2020 up to Q12021 Directors' fees at the Annual General Meeting held on 25 June 2020 ("2020 AGM").

Existing Fee Structure for Non-Executive Director

Appointment	Fees (Per Annum)
Board Chairman	165,000
Board Member	90,000
Audit and Risk Committee Chairman	33,000
Remuneration Committee Chairman	30,000
Nominating Committee Chairman	25,000
Lead ID	12,000
Committee Member	12,000

CORPORATE GOVERNANCE

The breakdown of Directors' remuneration for FY2020 is set out below:

Name of Directors	Directors' Fees	Salary[1]	Allowances/ Benefits	Cash-based Incentive	Equity-based Incentive	Total (rounded)
			%			S$ '000
Executive Chairman						
Mr Handojo Santosa[2]	–	30%	–	70%	–	8,800
Executive Directors						
Mr Tan Yong Nang[2]	–	8%	–	16%	76%[3]	23,319
Mr Kevin Monteiro	–	61%	13%	15%	11%	1,126
Non-Executive Directors						
Mr Tan Kian Chew	100%	–	–	–	–	114
Mr Manu Bhaskaran	100%	–	–	–	–	115
Ms Lien Siaou-Sze	100%	–	–	–	–	132
Mr Ng Quek Peng	100%	–	–	–	–	147
Mr Hendrick Kolonas[2]	8%	49%	28%	15%	–	1,404

1 Salary includes CPF Contributions and AWS where applicable.
2 The total remuneration of Handojo Santosa, Tan Yong Nang and Hendrick Kolonas include renumeration received from PT Japfa Comfeed Indonesia Tbk as President Director, Director, and Vice President Commissioner respectively.
3 This amount includes a conditional grant of share awards under the Japfa Ltd and AIH Performance Share Plans, subject to achieving a set of performance conditions. Refer to SGXNet announcements dated 29 Feb 2020 and 3 July 2020 respectively.

The breakdown of top 5 Key Executive's renumeration for FY 2020 is set out below:

Name of Key Executives	Salary[1]	Allowances/ Benefits	Cash-based Incentive	Equity-based Incentive
		%		
S$14,750,001 to S$15,000,000				
Mr Edgar Dowse Collins	4%	1%	2%	93%[2]
S$3,500,000 to S$3,750,000				
Mr Bambang Budi Hendarto	15%	1%	75%	9%
S$1,000,001 to S$1,250,000				
Mr Antonius Harwanto	40%	3%	45%	12%
Mr Arif Widjaja	35%	11%	43%	11%
Ms Christina Chua Sook Ping	70%	2%	16%	12%

1 Salary includes CPF Contributions and AWS where applicable.
2 This amount includes a conditional grant of share awards under the Japfa Ltd and AIH Performance Share Plans, subject to achieving a set of performance conditions. Refer to SGXNet announcements dated 29 Feb 2020 and 3 July 2020 respectively.

	Total S$'000
Aggregate of total remuneration paid to top 5 Key Executives	**21,918**

CORPORATE GOVERNANCE

Proposed New Fee Structure for Non-Executive Directors:

The exisitng fee structure for Non-Executive Directors was last adjusted at the AGM2019. In line with a review of the remuneration conducted based on market compensation, RC has accepted the Management's recommendation to adjust both Board and Committee Members proposed fee structure for Non-Executive Directors. The proposed fee adjustment will be submitted to Shareholders' for approval at the forthcoming AGM. If approved, the New Fee Structure will apply from 2Q2021 to 1Q2022:

Appointment	Existing Structure (Per Annum) S$	New Structure (Per Annum) S$
Board Chairman *	165,000	165,000
Board Member	90,000	95,000
Audit and Risk Committee Chairman	33,000	33,000
Remuneration Committee Chairman	30,000	30,000
Nominating Committee Chairman	25,000	25,000
Lead ID	12,000	12,000
Committee Member	12,000	12,500

* Payable only if Board Chairman is a Non-Executive Director.

Remuneration paid to employees who are Substantial Shareholders or an immediate family member of a Director or Substantial Shareholder of the Company for FY2020 is set out below:

Remuneration Bands/ Name of Employee	Relationship
S$600,001 to S$700,000 Mr Renaldo Santosa	Substantial Shareholder; Son of the Executive Chairman, Handojo Santosa and Substantial Shareholder, Faridah Gustimego Santosa; Brother of Substantial Shareholders, Gabriella Santosa, Mikael Santosa and Raffaela Santosa; and Nephew of Non-Executive Director, Hendrick Kolonas*.
S$200,001 to $300,000	
Gabriella Santosa	Substantial Shareholder; Daughter of the Executive Chairman, Handojo Santosa and Substantial Shareholder, Faridah Gustimego Santosa; Sister of Substantial Shareholders, Renaldo Santosa, Mikael Santosa and Raffaela Santosa; and Niece of Non-Executive Director, Hendrick Kolonas*.
Irfan Kolonas	Son of Non-Executive Director, Hendrick Kolonas*; Brother of Substantial Shareholder, Rachel Anastasia Kolonas; and Nephew of Executive Chairman, Handojo Santosa.

* Hendrick Kolonas was appointed by PT Japfa Comfeed Indonesia Tbk to be an executive Director of one of its subsidiary with effect from 1 January 2021.

Share Based Incentives

Japfa Ltd Performance Share Plan ("Japfa Ltd PSP")

The Japfa Ltd PSP has been in effect since 23 July 2014 and is administered by the Remuneration Committee of the Company.

For a summary of the Japfa Ltd PSP, please refer to Note 27E of the financial statements.

4,362,500 Share Awards were granted for FY2020.

CORPORATE GOVERNANCE

Performance Share Awards granted to Directors and recipients of awards equal to 5% or more of the total awards available under the Japfa Ltd PSP are disclosed below:

		Share awards granted during financial year under review	Aggregate share awards granted since commencement of Japfa Ltd PSP to end of financial year under review	Aggregate shares issued since commencement of Japfa Ltd PSP to end of financial year under review	Aggregate share awards outstanding under the Japfa Ltd PSP as at end of financial year under review
Directors	Tan Yong Nang	2,153,900	27,523,200	14,600,000	12,923,200
	Kevin Monteiro	192,400	2,082,900	1,044,300	1,038,600
Participants who received awards during the financial year equal to 5% or more of the Japfa Ltd PSP	N.A.	N.A.	N.A.	N.A.	N.A.

PT Japfa Performance Share Plan

No award was granted to Directors during the financial year under the PT Japfa Performance Share Plan.

AIH Performance Share Awards ("AIH PSP")

AustAsia Investment Holdings Ltd ("AIH") implemented a performance share plan in 3 July 2020 ("AIH PSP") which is administered by the plan committee constituted under the AIH PSP. The AIH PSP replaces the AustAsia Subsidiaries ESOS which was established in 2010 and was fully issued in 2016.

For a summary of the AIH PSP, please refer to Note 27E of the financial statements.

Performance Share Awards granted to Directors and participants who received share awards equal to 5% or more of the Japfa Ltd PSP are disclosed below:

		Share awards granted during financial year under review	Aggregate share awards granted since commencement of AIH PSP to end of financial year under review	Aggregate shares issued since commencement of AIH PSP to end of financial year under review	Aggregate share awards outstanding under the AIH PSP as at end of financial year under review
Directors	Tan Yong Nang	4,220,000	–	–	4,220,000
Participants who received share awards during the financial year equal to 5% or more of the AIH PSP	Edgar Dowse Collins	3,520,000	–	–	3,520,000
	Yang Ku	1,418,000	–	–	1,418,000

CORPORATE GOVERNANCE

PRINCIPLE9: RISK MANAGEMENT AND INTERNAL CONTROLS
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

PRINCIPLE 10: AUDIT COMMITTEE
The Board has an Audit Committee which discharges its duties objectively

ARC Composition and Role

The Audit Committee was renamed as Audit and Risk Committee ("ARC") during FY2020.

The ARC comprise three Independent Directors.

Please refer to the Board Composition Table for the names and composition of the ARC.

The ARC is responsible for the following functions:

1. General: assisting the BOD in discharging its statutory responsibilities for financing and accounting and risk governance matters;

2. Financing and Accounting:

    (a) reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

    (b) reviewing the CEO's and the CFO's assurances on the financial records and financial statements;

    (c) reviewing all announcements relating to the Company's financial performance.

3. External Audit:

    (a) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; (ii) the remuneration and terms of engagement of the external auditors;

    (b) reviewing the adequacy, effectiveness, independence, scope and results of the external audit.

4. Internal Audit:

    (a) approving the hiring, removal, evaluation and compensation of the head of the internal audit function or the accounting/ auditing firm or corporation to which the internal audit function is outsourced;

    (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

    (c) reviewing to ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience

5. Risk: reviewing the nature and extent of risk which the Company is willing to take in achieving its strategic objectives and value creation by (a) reviewing the periodic report of management's risk committee; and (b) reviewing the CEO's and the CFO's assurances on the adequacy and effectiveness of the Company's risk management and internal control systems.

6. Whistle-Blowing:

    (a) reviewing and ensuring that Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

    (b) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

CORPORATE GOVERNANCE

7. Additional duties:

   (a) undertaking such other reviews and projects as may be requested by the BOD and report to the BOD its findings from time to time on matters arising and requiring the attention of the ARC; and

   (b) undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

Board members who are not ARC members are invited by the ARC Chairman to attend the ARC meetings.

ARC has access to the Partner-in-charge of the external auditors ("Audit Partner") and can contact the Audit Partner without the presence of the Management when required.

The ARC has reviewed the aggregate fees paid to the external auditors, and a breakdown of the fees paid for audit and non audit services provided by the auditors, is of the opinion that the independence of the auditors have not been affected by the provision of the non-audit services.

The ARC noted that the appointment of the external auditors for the Company, its subsidiaries and associated companies are in compliance with Rules 712 and 715 of the SGX-ST Listing manual and recommended that Messrs Ernst & Young LLP be nominated for re-appointment as the external auditors at the forthcoming AGM.

Internal Controls

The Group's internal controls structure consists of the policies and procedures established, to provide reasonable assurance that the material risks in the Group are addressed. Business Units ("BU") Management have primary responsibility for implementation and continuous improvement of their internal control system. Policies are established at the BU or corporate level, depending on the context of operations.

At the corporate level, the Systems and Procedure department and an Internal Control Manager assist the BUs to create the Standard Operating Procedures ("SOPs") for business processes. For some large BUs (in Indonesia, Vietnam, India and China), there is an in-house Internal Control function for design and implementation of the internal controls system

Enterprise Risk Management

In FY2020, the ARC was tasked to assist the Board in its oversight of the effectiveness of Japfa ERM Management Framework. The Management Risk Committee, under the leadership of the CEO, spearheaded the documentation of Japfa's risk management activities, formalised the Enterprise Risk Management Framework and its implementation. The Head of Internal Control monitors the Group Enterprise risk.

The CEO presents the operation and risk review to the Board at the quarterly Board meetings. CEO will seek Board's approval for projects or transactions which carries significant risks or are listed under Board Reserved Matters (eg Restructuring, Mergers & Acquisitions and significant borrowing) at the quarterly Board meetings.

Assurance from the CEO and CFO

In addition to the above, the Board has received assurance from the CEO and the CFO that:

(a) the financial records of the Group for FY2020 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and

(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE

Opinion on Adequacy and Effectiveness of Internal Control and Risk Management Systems

The ARC is responsible for making the necessary recommendations to the Board to enable the Board to form an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. The Management is responsible for assuring the Board as to the adequacy and effectiveness of the risk management systems and ensuring the quality and timeliness of information.

Based on the assurance received from the CEO and CFO and the work performed by the internal audit function, the Board on the nomination of the ARC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to meet the needs of the Group in its current business environment.

The Board notes that the system of internal controls maintained by the Management provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, the compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board further notes that no system of internal controls can provide absolute assurance against human errors including, without limitation, errors in judgment in the course of decision-making. In addition, no such controls can provide absolute protection against fraud or similar misconduct.

Internal Audit

The Group has an in-house Internal Audit ("IA") function, based in Singapore, Indonesia, Vietnam, India and China. The most senior member of the Group's internal audit function is the VP, Internal Audit ("Internal Auditor"). He is based in Singapore and reports functionally to the ARC Chairman and administratively, to the CEO, as per the IA Charter.

The IA function adopts and follows the standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, an internationally recognized professional body.

The annual internal audit plan is established by the Internal Auditor based on risk in consultation with, but independent of, the Management, and is reviewed and approved by the ARC. On a quarterly basis, the ARC and Management review and discuss internal audit findings, recommendations and status of remediation, at ARC meetings. Chairman of the ARC meet up the Internal Auditor without the presence of the Management on a quarterly basis.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the ARC.

Whistleblowing

The Group has implemented a whistleblowing avenue called Japfalert. Any employee/supplier/business associate who is aware of a violation of internal control, accounting and financial principles or anti-corruption regulations/procedures is encouraged to report it. The whistleblower can use the Japfalert internet site www.japfalert.com or send a letter to the dedicated postal address 391B Orchard Road #18-08, Ngee Ann City Tower B, Singapore 238874, with attention to Japfalert Committee. The information disclosed using Japfalert is kept confidential. Any whistleblower using this alert system is not at risk of any sanction, in relation to the matter disclosed, from his or her employer or the Group.

CORPORATE GOVERNANCE

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF MEETINGS
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company respects the rights of shareholders and aims to promote fair and equitable treatment of all shareholders by keeping shareholders appropriately informed of its corporate development and activities, on a timely basis. In particular, new information relating to the Group, which are material and price sensitive, are released through SGXNET before any media or analyst meetings or conference update calls are conducted. This ensures fair and non-selective disclosure of information to all investors.

The Company actively engages its shareholders and investors through regular and non-discriminatory communication and provides regular and timely information to the investment community regarding the Group's performance and prospects as well as major industry and corporate developments.

This is done via analyst and media briefings and teleconferences throughout the year, which are typically held in conjunction with the release of financial results. In addition, the Management takes an active role in engaging investors by holding regular meetings with institutional investors through local and international non-deal roadshows and conferences which are organised by the major brokerage firms.

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days of the reporting period while the full-year results will be released to shareholders within 60 days of the Company's financial year-end. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of the Group's financial performance and prospects.

The CEO and the CFO provides assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries.

The Company recognises that timely information is central to good corporate governance and is necessary for shareholders to make informed investment decisions. Shareholders are kept informed of material developments and performances of the Group through timely announcements and press releases (where appropriate) via the SGXNET, as well as through its annual report. At the same time, shareholders and investors can contact the Company or access information on the Company at its website at www.japfa.com.

Active participation from shareholders at general meetings is welcomed by the Company. The Constitution of Company allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings.

CORPORATE GOVERNANCE

In FY2020, due to the COVID-19 restriction orders in Singapore, Shareholders were unable to attend the general meetings in person. Alternative arrangements were put in place to allow Shareholders to participate at the general meetings by way of (a) watching the meeting proceedings via "live" webcast or listening to the proceedings via "live" audio feed, (b) submitting questions in advance of the general meetings, and/or (c) voting by proxy at the general meetings. Questions from Shareholders were addressed at the general meeting(s) and duly recorded in the minutes of meeting(s) and published on the SGXnet and the Company website.

The Company issues its notice of general meetings together with its annual report and circular to shareholders at least 14 days prior to the scheduled general meetings. This is aimed at providing ample time for shareholders to review the notice of meetings, annual report and circular before the meetings.

The Company respects the rights of shareholders and aims to promote fair and equitable treatment of all shareholders by keeping shareholders appropriately informed of its corporate development and activities, on a timely basis. In particular, new information relating to the Group, which are material and price sensitive, are released through SGXNET before any media or analyst meetings or conference update calls are conducted. This ensures fair and non-selective disclosure of information to all investors.

LISTING RULE 1207(19) – DEALING IN SECURITIES

The Group has adopted a security dealing policy similar to Rule 1207(19) of the SGX-ST's Listing Manual with respect to dealings in securities of the Company and PT Japfa Comfeed International Tbk, a principal subsidiary of the Company listed on the IDX.

The security trading policy is applicable to:

1) the Company;

2) Directors and Commissioners of the Company and its principal subsidiaries;

3) Key Executives of the Group; and

4) Key financial executives of the Group.

The above listed persons are:

(a) not allowed to deal in the Company's securities and of its listed subsidiary's securities two weeks before quarterly results are announced and one month before full year results are announced or while they are in possession of unpublished price-sensitive information; and

(b) discouraged from dealing in the Company's and its listed subsidiary's securities on short-term consideration.

Each person in (2) to (4) takes responsibilities for himself and his spouse and children below 21 years of age.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Company has put in place internal procedures to ensure compliance with the requirement of Chapter 9 of the Listing Manual on interested person transactions.

Under the procedures, the Group Financial Controller maintains a register on all interested person transactions and ensures that the register will be updated on submission by designated persons. The register is subjected to periodic review by the Internal Auditor reporting to the AC to ensure that such transactions are carried out on normal business terms in accordance and are not prejudicial to the interest of the Company and its minority shareholders.

The aggregate value of interested person transactions entered into the Group in FY2020 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1] US$'000
Associates of Handojo Santosa		
– Lease of vehicles	355	–
– Lease of office	171	–
Associates of Hendrick Kolonas		
Provision of insurance	1,858	–
Supply of goods,	4,211	

MATERIAL CONTRACTS

Saved as disclosed in the Interested Person Transaction section above, there were no material contracts entered into by the Group involving the interest of the Directors.

1 The Group has not obtained a general mandate from shareholders for interested person transactions under Rule 920 of the Listing Manual.

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Handojo Santosa @ Kang Kiem Han	
Date of Appointment	19 December 2008
Date of last re-appointment	25 June 2020
Age	57
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is executive. Responsible for the overall direction of our Group's business and operations strategies, including making any major corporate decisions. He oversees the formulation of our Group's corporate planning, strategic direction, business and corporate policies and is responsible for the workings of the Board. He leads the Board in its discussions and deliberation, facilitates effective contribution by Directors and exercises control over the timeliness of information flow between the Board and the Management
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board of Director
Academic and Professional Qualifications	O Levels, United World College of South East Asia
Working experience and occupation(s) during the past 10 years	Jan 2014 – present: Japfa Ltd Executive Director Mar 2011 – present: Chief Operating Officer Operational II, Japfa Group Oct 2008 – Dec 2013 Japfa Pte Ltd Chief Executive Officer
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 1,248,690,875 shares in Japfa Ltd Deemed interest in 63,000,000 shares in PT Japfa Comfeed Indonesia Tbk
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes Brother-In-Law of Director, Hendrick Kolonas Husband of Substantial Shareholder, Farida Gustimego Santosa Father of Substantial Shareholders, Renaldo Santosa, Gabriella Santosa, Mikael Santosa and Raffaela Santosa
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships	

* "Principal Commitments" has the same meaning as defined in the Code.

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Handojo Santosa @ Kang Kiem Han	
Past (for the last 5 years)	Jupiter Food Pte Ltd Japfa Santori Australia Pte Ltd PT Indojaya Agrinusa AustAsia Investment Holdings Pte Ltd AIH2 Pte Ltd
Present	Annona Pte Ltd Japfa Ltd PT Japfa Comfeed Indonesia Tbk
Other Principal Commitments	Executive Chairman, Japfa Ltd President Director PT Japfa Comfeed Indonesia Tbk
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Handojo Santosa @ Kang Kiem Han	
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	Yes
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Handojo Santosa is the President Director of PT Japfa Comfeed Indonesia Tbk ("PT Japfa"), a company listed on the Indonesian Stock Exchange. In the time that he has been a director of PT Japfa, any investigation of PT Japfa in relation to any material breaches of law or regulatory requirement governing corporations in Indonesia, have been announced or disclosed in PT Japfa's annual reports. Please also refer to the Company's prospectus dated 7 August 2014, under "General and Statutory Information". Post-listing of the Company on the SGX-ST, announcements by PT Japfa of any such investigation have been uploaded onto SGXnet.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Handojo Santosa @ Kang Kiem Han	
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

Hendrick Kolonas	
Date of Appointment	18 February 2013
Date of last re-appointment	25 June 2020
Age	65
Country Of Principal Residence	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is Executive Area of responsibility: • Develop and execute the company's business strategies • Build long term, trusting relationships with business partners and authorities • Oversee the company's financial performance, investments and operations • Monitor operational performance, prevent and resolve issues.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Current Executive Director Member of the Nominating Committee Post Re-election Executive Director

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Hendrick Kolonas	
Academic and Professional Qualifications	Bachelor of Arts (Hons) degree in Accounting and Finance from Middlesex University, United Kingdom ("UK") Masters degree in Business Administration, from Schiller International University, UK Masters of Arts degree in Banking Administration from University of Hull, UK
Working experience and occupation(s) during the past 10 years	1996 – current – PT Celebes Artha Ventura Founder and President Commissioner 2012 – current PT Japfa Comfeed Indonesia Tbk, Vice President Commissioner
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 263,122,585 shares in PT Japfa Comfeed Indonesia Tbk
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes Father of Substantial Shareholder, Rachel Anastasia Kolonas Brother-In-Law of Director, Handojo Santosa Brother-In-Law of Substantial Shareholder, Farida Gustimego Santosa Uncle of Substantial Shareholders, Renaldo Santosa, Gabriella Santosa, Mikael Santosa and Raffaela Santosa
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships	
* "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	–
Present	PT Japfa Comfeed Indonesia, Tbk PT Celebes Artha Ventura
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Hendrick Kolonas	
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Hendrick Kolonas	
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	Yes
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Hendrick Kononas is a Commissioner of PT Japfa Comfeed Indonesia Tbk. ("PT Japfa"). In the time that he has been a Commissioner of PT Japfa, any investigation of PT Japfa in relation to any material breaches of law or regulatory requirement governing corporations in Indonesia, have been announced or disclosed in PT Japfa's annual reports. Please also refer to the Company's prospectus dated 7 August 2014, under "General and Statutory Information". Post-listing of the Company on the SGX-ST, announcements by PT Japfa of any such investigation have been uploaded onto SGXnet.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Yong Nang	
Date of Appointment	1 June 2009
Date of last re-appointment	25 June 2020
Age	60
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is executive Tan Yong Nang is in charge of leading the development and execution of long-term strategy. He implements the decision of Board and is responsible for all day to-day operation of the Company
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director & Chief Executive Officer
Academic and Professional Qualifications	Bachelor of Arts (Economics) degree from the University of Cambridge Chartered Financial Analyst with The Institute of Chartered Financial Analysts, USA
Working experience and occupation(s) during the past 10 years	2014 – present Japfa Ltd, Chief Executive Officer 2007- 2014, Japfa Pte Ltd, Chief Operating Officer
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 84,491,760 Japfa Ltd shares Deemed interest in 380,000 shares in PT Japfa Comfeed Indonesia Tbk
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Yong Nang	
Other Principal Commitments* including Directorships	
* "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	<u>Japfa Group of Companies</u> Apachee Pte Ltd Central India Poultry Breeders Pvt Ltd Japfa Comfeed Bin Thuan Limited Japfa Comfeed Long An Limited Jupiter Food Vietnam Limited Liability Company PT So Good Food <u>Other Directorships</u> Great Beta Investments Limited Viva Sino Investments Limited
Present	<u>Japfa Group of Companies</u> Annona Pte Ltd AustAsia Investment Holdings Pte Ltd AIH2 Pte Ltd Japfa Ltd Japfa China Investments Pte Ltd Dongying AustAsia Beef Co Ltd Japfa Vietnam Investments Pte Ltd Japfa Comfeed Vietnam Limited Company Japfa Hypor Genetics Company Limited Jupiter Foods Pte Ltd Japfa South-Asia Investments Pte Ltd Japfa Comfeed India Private Limited Japfa Comfeed Bangladesh Pte Ltd Japfa Myanmar JV Pte Ltd Japfa Comfeed Myanmar Pte Ltd PT Japfa Comfeed Indonesia Tbk PT Kona Bay Indonesia <u>Other Directorships</u> Great Alpha Investments Limited Seasoned Pro Management Limited Utiva Continental SA

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Yong Nang	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Yong Nang	
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	Yes
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Tan Yong Nang is a Director of PT Japfa Comfeed Indonesia Tbk ("PT Japfa"). In the time that he has been a director of PT Japfa, any investigation of PT Japfa in relation to any material breaches of law or regulatory requirement governing corporations in Indonesia, have been announced or disclosed in PT Japfa's annual reports. Please also refer to the Company's prospectus dated 7 August 2014, under "General and Statutory Information". Post-listing of the Company on the SGX-ST, announcements by PT Japfa of any such investigation have been uploaded onto SGXnet.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Kevin John Monteiro	
Age	65
Date of Appointment	16 April 2014
Date of last re-appointment	25 June 2020
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is executive Kevin John Monteiro is the Chief Financial officer. He has oversight over all financial operations of our Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Financial officer.
Academic and Professional Qualifications	Bachelor of Economics degree from Monash University, Australia Member of the Institute of Chartered Accountants in Australia
Working experience and occupation(s) during the past 10 years	2014 – present: Japfa Ltd, Chief Financial Officer 1999 – 2014: PT Japfa Comfeed Indonesia Tbk, Head of Corporate Finance
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 3,348,730 shares in Japfa Ltd Deemed interest in 1,070,000 shares in PT Japfa Comfeed Indonesia Tbk
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships	
* "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	Japfa Group of Companies Japfa Santori Australia Pty Limited

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Kevin John Monteiro	
Present	Japfa Group of Companies Annona Technical Services Pte. Ltd. Alternate Directorships (Alternate Director to Tan Yong Nang) Japfa China Investments Pte Ltd Japfa South-Asia Investments Pte Ltd Japfa Myanmar JV Pte Ltd Japfa Vietnam Investments Pte Ltd Jupiter Foods Pte Ltd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Kevin John Monteiro	
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Kevin John Monteiro	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

Ng Quek Peng	
Date of Appointmen	29 July 2014
Date of last re-appointment	25 June 2020
Age	67
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Current Lead ID Chairman of Audit & Risk Committee Member of the Remuneration Committee Post Re-election Lead ID Chairman of Audit and Risk Committee Member of the Nominating Committee
Academic and Professional Qualifications	Degree in Civil Engineering from University of London Member of the Institute of Chartered Accountants in England and Wales

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Ng Quek Peng	
Working experience and occupation(s) during the past 10 years	Mar 2017 – current, Halcyon Capital Pte Ltd, Founder and Managing Director Nov 2016 – Mar 2017, Chief Corporate Officer, Natural Cool Holdings Ltd Mar 2013 – Oct 2016, Halcyon Capital Pte Ltd, Founder and Managing Director Nov 2011- Mar 2013, CIMB Bank Singapore, Head, Corporate Clients Solutions Feb 2009-Oct 2011, GMR Infrastructure (Singapore) Pte. Limited, Director, Head, South East Asia Region
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 550,000 shares in Japfa Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships * "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	Asia Pacific Port Holdings Pte. Ltd FEI Holdings Pte Ltd D'nonce Technology Bhd# Halcyon Capital Pte. Ltd. Otto Marine Ltd# Zico Holdings Inc# Hawthorne Holdings Pte. Ltd # Listed Company
Present	Japfa Ltd Jios Aerogel Pte Ltd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Ng Quek Peng	
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Ng Quek Peng	
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Lien Siaou-Sze	
Date of Appointment	20 July 2014
Date of last re-appointment	25 June 2020
Age	71
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Current Chairwoman of the Remuneration Committee Member of the Audit & Risk Committee Post Re-election Chairwoman of the Remuneration Committee Member of the Nominating Committee
Academic and Professional Qualifications	Masters degree in Computer Science from London University, Imperial College Science and Technology Bachelor of Science degree in Physics from the former Nanyang University
Working experience and occupation(s) during the past 10 years	2020-Current VP Advancement, Nanyang Technological University 2006 – 2019 Senior Executive Coach, Mobley Group Pacific 2020-Cureent Confucius Institute, Nanyang Technological University Pte. Ltd, Chairman of the Board 2006 -2019 Nanyang Technological University, Director and Member of Board of Trustee 2011-2017 Elekta AB, Director
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 687,500 shares in Japfa Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Lien Siaou-Sze	
Other Principal Commitments* including Directorships	
* "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	Elekta AB (listed on Nordic Stock Exchange) Singapore Corporation of Rehabilitative Enterprises ("SCORE") (SCORE is a statutory board under the Ministry of Home Affairs Nanyang Technological University, Board of Trustee
Present	Nanyang Technological University Confucius Institute, Nanyang Technological University Pte. Ltd Japfa Ltd Lien Shih Sheng Education Development Pte. Ltd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Lien Siaou-Sze	
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Lien Siaou-Sze	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

Manu Bhaskaran	
Date Of Appointment	18 April 2019
Date of last re-appointment	25 June 2020
Age	63
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company. NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of the Nominating Committee
Academic and Professional Qualifications	Bachelor of Arts (Honours) from Magdalene College, Cambridge University Masters in Public Administration from John F Kennedy School of Government at Harvard University Chartered Financial Analyst
Working experience and occupation(s) during the past 10 years	2002- present Chief Executive Officer and Founding Director of Centennial Asia Advisors
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Manu Bhaskaran	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships * "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	IFS Capital Limited# # listed company Jebsen & Jessen SE Asia Ltd
Present	CEO, Centennial Asia Advisors Pte Ltd <u>Directorships</u> Aspen Networks Inc Centennial Asia Advisors Pte Ltd Centennial Group Holdings Luminor Capital Pte Ltd MinorCap Pte Ltd Shining Star Solutions and Services Private Limited, India CIMB Investment Bank Berhad
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No However, Mr Bhaskaran was convicted on three counts under the Official Secrets Act on 31st March 1994. He was fined $2,000 on each count.

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Manu Bhaskaran	
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Manu Bhaskaran	
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

Tan Kian Chew	
Date Of Appointment	18 April 2019
Date of last re-appointment	25 June 2020.
Age	67
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	NC has examined the conduct of the Board of Directors for the past year, the current board size, and the knowledge and experience of existing directors. NC is of the view that that the existing Directors have discharged their duties well. Their collective experience and knowledge continue to contribute to the Company . NC has recommended all retiring directors be nominated for election at the AGM. The Board considered and accepted the recommendation by NC
Whether appointment is executive, and if so, the area of responsibility	Appointment is Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<u>Current</u> Independent Director Member of the Audit & Risk Committee Member of the Nominating Committee <u>Post Re-election</u> Independent Director Member of the Audit and Risk Committee Member of the Remuneration Committee

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Kian Chew	
Academic and Professional Qualifications	Bachelor of Science (Mechanical Engineering) (First Class Honours) from the University of Aston in Birmingham, UK Advance Management Program, Harvard University
Working experience and occupation(s) during the past 10 years	2016-2018 Chief Executive Officer Singapore Labour Foundation 1997 – 2015 Group Chief Executive Officer NTUC Fairprice Co-operative Limited
Shareholding interest in the listed issuer and its subsidiaries	33,000 shares in the Japfa Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships# * "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	ARA Trust Management (Suntec) Limited CapitaLand Mall Trust Management Limited
Present	Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Kian Chew	
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Tan Kian Chew	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes

Chia Wee Boon	
Date of Appointment	1 January 2021
Date of last re-appointment	N.A.
Age	63
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered the recommendation of the NC and concurred that in line with the Company's practice, Mr Chia will retire and stand for re-election as a Director at the Annual General Meeting.
Whether appointment is executive, and if so, the area of responsibility	Appointment is Non-Executive
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<u>Current</u> Independent Director Member of the Remuneration Committee <u>Post Re-election</u> Independent Director Member of the Audit & Risk Committee Member of the Remuneration Committee

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Chia Wee Boon	
Academic and Professional Qualifications	Master degree in Management Science, Imperial College, London UK First Class Honours degree in Computing Studies, University of East Anglia, Norwich, UK Diploma in Directorship Program, SID-SMU, Singapore The General Managers Program, Harvard Business School, USA
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	No
Conflict of interests (including any competing business)	No
Working experience and occupation(s) during the past 10 years	2020 – Present, Managing Partner, Auxilium Pte Ltd. 2019- Present, Advisor, SingTel Group Strategy. 2009-2019, Chief Operating Officer/Chief Executive Officer, NCS Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships * "Principal Commitments" has the same meaning as defined in the Code.	
Past (for the last 5 years)	May 2017-Aug 2020, Member of SIM Society Governing Council
Present	<u>2020-present –</u> Managing Partner, Auxilium Pte Ltd <u>Oct 2019-present-</u> Member of the Board of Directors, Singapore Institute of Management <u>Aug 2015-present</u> Non Executive Director, HOPE Technik Pte Ltd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Chia Wee Boon	
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

INFORMATION OF DIRECTORS SEEKING RE-ELECTION

Chia Wee Boon	
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of –	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange? If no prior experience as a director, any training in the roles and responsibilities of a listed company director	Yes –Director of Japfa Ltd with effect from 1 January 2021 To obtained an Executive Diploma in Directorship conferred by SID-SMU
@ If no prior experience as a director of an issuer listed on the Exchange, please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Japfa Ltd. (the "Company") and its subsidiary companies (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Handojo Santosa @ Kang Kiem Han
Hendrick Kolonas
Tan Yong Nang
Kevin John Monteiro
Ng Quek Peng
Lien Siaou–Sze
Manu Bhaskaran
Tan Kian Chew
Chia Wee Boon

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in the paragraphs below, neither at the end of the reporting year nor at any time during the reporting year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly–owned subsidiary) as stated below:

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors	Direct interest: At beginning of the financial year/ date of appointment	Direct interest: At end of the financial year	Direct interest: At 21 Jan 2021	Deemed interest: At beginning of the financial year/ date of appointment	Deemed interest: At end of the financial year	Deemed interest: At 21 Jan 2021
Ordinary shares of Japfa Ltd						
Handojo Santosa @ Kang Kiem Han	–	–	–	1,136,818,915	1,250,500,805	1,248,690,875
Tan Yong Nang	–	–	–	76,810,691	84,491,760	84,491,760
Kevin John Monteiro	–	–	–	3,044,300	3,348,730	3,348,730
Ng Quek Peng	–	–	–	500,000	550,000	550,000
Lien Siaou–Sze	–	–	–	625,000	687,500	687,500
Tan Kian Chew	30,000	33,000	33,000	–	–	–
Ordinary shares of related company (PT Japfa Comfeed Indonesia Tbk)						
Handojo Santosa @ Kang Kiem Han	–	–	–	63,000,000	63,000,000	63,000,000
Hendrick Kolonas	–	–	–	263,122,585	263,122,585	263,122,585
Tan Yong Nang	–	–	–	380,000	380,000	380,000
Kevin John Monteiro	–	–	–	1,070,000	1,070,000	1,070,000
Bonds of related company (PT Japfa Comfeed Indonesia Tbk)						
Tan Yong Nang	–	–	–	US$1,000,000	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

PERFORMANCE SHARE PLAN

Japfa Ltd Performance Share Plan ("Japfa Ltd PSP")

The Japfa Ltd PSP has been in effect since 23 July 2014 and is administered by the Remuneration Committee of the Company.

For a summary of the Japfa Ltd PSP, please refer to Note 27E of the financial statements.

Performance share awards granted to Directors under the Japfa Ltd PSP during the financial year are disclosed as follows:

Name of director	At beginning of the financial year	Share awards granted	Share awards vested	Share awards cancelled	At end of the financial year
Tan Yong Nang	10,769,300	2,153,900	–	–	12,923,200
Kevin John Monteiro	846,200	192,400	–	–	1,038,600

DIRECTORS' STATEMENT

AIH PERFORMANCE SHARE PLAN ("AIH PSP")

AustAsia Investment Holdings Ltd ("AIH") implemented a performance share plan on 3 July 2020 ("AIH PSP") which is administered by the plan committee constituted under the AIH PSP. The AIH PSP replaced the AustAsia Subsidiaries ESOS which was established in 2010 and was fully issued in 2016.

For a summary of the AIH PSP, please refer to Note 27E of the financial statements.

Performance share awards granted to Directors under the AIH PSP during the financial year are disclosed as follows:

Name of director	At beginning of the financial year	Share awards granted	Share awards vested	Share awards cancelled	At end of the financial year
Tan Yong Nang	–	4,220,000	–	–	4,220,000

OPTIONS

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted and there were no shares issued by virtue of the exercise of an option to take up unissued shares, except as disclosed in Note 27D of the financial statements.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") carried out its functions in accordance with section 201B (5) of the Act, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non–audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the ARC to the board of directors with such recommendations as the ARC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

DIRECTORS' STATEMENT

AUDIT AND RISK COMMITTEE (CONT'D)

The ARC, having reviewed all non–audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re–appointment as auditor.

On behalf of the board of directors:

Tan Yong Nang
Director

Kevin John Monteiro
Director

Singapore
18 March 2021

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Japfa Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is fulfilled in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(1) Valuation of biological assets

The Group measures its biological assets at fair value less cost to sell. These fair values are measured by using either an income approach or a market comparison approach, both of which uses inputs such as market prices at year end. We consider this a key audit matter because management estimation of the fair value of the biological assets involves significant judgement and making assumptions on the future market and economic conditions.

Our audit procedures over the measurement of biological assets included, amongst others, (i) considered the competency, objectivity and capabilities of the independent external valuers; (ii) evaluated the appropriateness of valuation approaches used; (iii) tested the information and key assumptions used, including the classification and age, weight and number of livestock, comparing projected cashflows against historical information and comparing prices and discount rates used to the internal and external sources of data and the available market prices at year end; (iv) engaged our internal valuation specialists to assist us in assessing the reasonableness of the discount rates used; (v) checked the computational accuracy of the valuations and evaluated the reasonableness of the outcomes by considering reasonably plausible changes to the key assumptions; and (vi) assessed the adequacy of the disclosures in relation to biological assets included in Note 19 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Key Audit Matters (cont'd)

(2) Defined benefit plan liabilities

The Group maintains defined benefit plans and records the plan liabilities in accordance with Indonesian Labour Laws for its employees in Indonesia. An independent actuary is engaged to assist management with the valuation of the plan liabilities. We consider the valuation of the defined benefit plan liabilities to be a key audit matter due to the magnitude of the carrying amounts as well as estimation uncertainty involved in determining the ultimate liability.

Our audit procedures over the reasonableness of the Group's defined benefit plan liabilities included, amongst others, (i) considered the competency, objectivity and capabilities of the independent external actuary; (ii) tested samples of the employees' payroll details used; (iii) evaluated the reasonableness of key inputs and assumptions used, such as the total annual salaries and future salary increases against historical data, and the discount rate and mortality rates used against the market available data issued by the Government of Indonesia; (iv) engaged our internal valuation specialists to assist us in assessing the reasonableness of the valuation; (v) checked the computational accuracy of the valuations and evaluate the sensitivity of the outcomes by considering reasonably plausible changes to the key assumptions; and (vi) assessed the adequacy of the disclosures made on the defined benefit plan liabilities in Note 28 to the financial statements.

(3) Accounting for the disposal of Greenfields Dairy Singapore Pte Ltd ("GDS")

During the financial year, the Group disposed of 80% interests in GDS to a unrelated company. The remaining 20% interest in GDS was re-measured and recorded at fair value on the date of disposal. The fair value was determined using an income approach. This resulted in a gain on disposal of US$157,205,000. We considered the disposal of GDS to be a key audit matter due to the magnitude of the transaction and the judgement involved in determining the fair value of the remaining 20% interest in GDS held by the Group.

Our audit procedures over the disposal of GDS included, amongst others, (i) read the sales and purchase agreement to obtain understanding of the terms and conditions, and assessed the disposal date of the transaction; (ii) re-computed the gain on disposal recognised during the year; (iii) evaluated and assessed the reasonableness of the valuation methodology and key assumptions used, including the sales growth rates, production capacity and operating costs against historical and market available data; (iv) evaluated the robustness of management's forecasting process by comparing previous forecasts to actual results; (v) involved our internal valuation specialists to assist us in assessing the reasonableness of the minority discount, discount rates and terminal growth rate used; (vi) checked the computational accuracy of the valuations; and (vi) reviewed the adequacy of disclosures relating to the disposal of GDS included in Note 17G to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Toong Weng Sum Vincent.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$'000	2019 US$'000
Revenue	4	**3,868,262**	3,890,456
Cost of sales		**(3,010,685)**	(3,076,932)
Gross profit		**857,577**	813,524
Interest income	5	**6,537**	2,645
Other gains, net	6	**150,916**	327
Marketing and distribution costs	7	**(153,721)**	(163,112)
Administrative expenses	8	**(340,071)**	(311,371)
Finance costs	9	**(105,992)**	(107,050)
Foreign exchange adjustments gain, net		**74**	9,431
Changes in fair value of biological assets	19	**7,055**	2,079
Share of gain from equity-accounted joint ventures	18	**28**	601
Profit before income tax		**422,403**	247,074
Income tax expense	11	**(50,830)**	(62,449)
Profit, net of income tax		**371,573**	184,625
Other comprehensive income			
Items that will not be reclassified to statement of comprehensive income:			
Remeasurement of the net defined benefits plan, net of tax	28	**(11,879)**	(2,283)
Net loss on equity instruments designated at fair value through other comprehensive income		**–**	(5,934)
Items that may be reclassified subsequently to statement of comprehensive income:			
Exchange differences on translating foreign operations		**35,134**	25,920
Share of other comprehensive income of equity–accounted joint ventures, net of tax	18	**11**	(3)
Cash flow hedges		**85**	–
Total other comprehensive income, net of tax		**23,351**	17,700
Total comprehensive income		**394,924**	202,325
Profit, net of income tax attributable to:			
– Owners of the parent		**321,967**	119,952
– Non-controlling interests		**49,606**	64,673
		371,573	184,625
Total comprehensive income attributable to:			
– Owners of the parent		**343,970**	124,581
– Non-controlling interests		**50,954**	77,744
		394,924	202,325
Basic and diluted earnings per share (cents)	12	**15.86**	6.45

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**1,204,815**	1,179,316	**116**	198
Right-of-use assets	14	**183,088**	130,787	**40**	544
Investment properties	15	**5,106**	4,994	**–**	–
Intangible assets	16	**14,225**	16,911	**–**	–
Investment in subsidiaries	17	**–**	–	**1,051,956**	1,293,305
Investments in associate and joint ventures	18	**33,757**	6,483	**28,000**	–
Biological assets	19	**418,341**	386,416	**–**	–
Deferred tax assets	11	**34,355**	28,182	**–**	–
Real estate assets	20	**68,907**	60,605	**–**	–
Other receivables	21	**17,931**	14,825	**–**	–
Other financial assets	22	**20,735**	18,799	**–**	–
Other assets, non-current	23	**62,162**	78,966	**–**	–
		2,063,422	1,926,284	**1,080,112**	1,294,047
Current assets					
Inventories	24	**787,937**	794,752	**–**	–
Biological assets	19	**97,973**	98,841	**–**	–
Trade and other receivables	21	**430,712**	225,881	**276,305**	19,030
Other financial assets	22	**2,515**	2,488	**2,404**	2,404
Other assets, current	23	**60,636**	53,444	**2,590**	2,024
Cash at banks	25	**224,686**	208,743	**9,676**	17,676
		1,604,459	1,384,149	**290,975**	41,134
Total assets		**3,667,881**	3,310,433	**1,371,087**	1,335,181
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	26	**1,059,882**	993,178	**1,059,882**	993,178
Treasury shares	26	**(22,886)**	(7,620)	**(22,886)**	(7,620)
Retained earnings		**770,228**	563,704	**210,977**	19,024
Other reserves	27	**(219,850)**	(454,730)	**(9,052)**	(13,625)
Translation reserve	27	**(167,666)**	(213,975)	**–**	–
Equity, attributable to owners of the parent		**1,419,708**	880,557	**1,238,921**	990,957
Non-controlling interests		**542,315**	406,133	**–**	–
Total equity		**1,962,023**	1,286,690	**1,238,921**	990,957

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current liabilities					
Defined benefit plan liabilities	28	**120,946**	98,776	**–**	–
Deferred tax liabilities	11	**5,011**	9,531	**–**	–
Trade and other payables, non-current	29	**3,004**	480	**700**	–
Loan and borrowings, non-current	30	**569,101**	793,369	**–**	252,768
Lease liabilities	31	**142,163**	91,295	**–**	30
Other financial liabilities	32	**–**	4,625	**–**	2,766
Other liabilities, non-current	33	**3,072**	3,199	**–**	–
		843,297	1,001,275	**700**	255,564
Current liabilities					
Income tax payable		**29,885**	19,018	**–**	593
Trade and other payables, current	29	**358,438**	389,871	**52,748**	8,148
Loan and borrowings, current	30	**432,011**	583,549	**78,687**	79,400
Lease liabilities	31	**20,854**	14,224	**31**	519
Other financial liabilities	32	**8,812**	2,206	**–**	–
Other liabilities, current	33	**12,561**	13,600	**–**	–
		862,561	1,022,468	**131,466**	88,660
Total liabilities		**1,705,858**	2,023,743	**132,166**	344,224
Total equity and liabilities		**3,667,881**	3,310,433	**1,371,087**	1,335,181

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Total equity US$'000	Attributable to parent sub–total US$'000	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Translation reserve US$'000	Non-controlling interests US$'000
Balance at 1 January 2020	1,286,690	880,557	993,178	(7,620)	563,704	(454,730)	(213,975)	406,133
Total comprehensive income for the year	394,924	343,970	–	–	315,951	36	27,983	50,954
Contribution by and distribution to owners								
Purchase of treasury shares by the Company	(15,266)	(15,266)	–	(15,266)	–	–	–	–
Purchase of treasury shares by subsidiary	(5,062)	–	–	–	–	–	–	(5,062)
Reserve arising from disposal of subsidiary without loss of control	254,400	121,634	–	–	–	121,634	–	132,766
Realisation of reserves upon disposal of a subsidiary	18,326	18,326	–	–	(77,467)	77,467	18,326	–
Effect of Group's restructuring between entities under common control	–	19,374	–	–	–	19,374	–	(19,374)
Acquisition of non-controlling interests without change of control	(19,830)	(6,186)	–	–	–	(6,186)	–	(13,644)
Modification of equity-settled share appreciation to employee by subsidiary	(2,503)	(2,503)	–	–	–	(2,503)	–	–
Value of employee services received of performance share plan	7,989	7,989	–	–	–	7,989	–	–
Rights issue of new shares by the Company	66,704	66,704	66,704	–	–	–	–	–
Dividend paid to equity holders of the Company (Note 39)	(14,891)	(14,891)	–	–	(14,891)	–	–	–
Dividend paid by subsidiary to non-controlling interests	(9,458)	–	–	–	–	–	–	(9,458)
Total contribution by and distribution to owners	280,409	195,181	66,704	(15,266)	(92,358)	217,775	18,326	85,228
Others								
Transfer to statutory reserve (Note 27C)	–	–	–	–	(17,069)	17,069	–	–
Balance at 31 December 2020	1,962,023	1,419,708	1,059,882	(22,886)	770,228	(219,850)	(167,666)	542,315

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Total equity US$'000	Attributable to parent sub–total US$'000	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Translation reserve US$'000	Non-controlling interests US$'000
Balance at 1 January 2019	1,130,385	779,387	980,946	(5,926)	481,721	(451,091)	(226,263)	350,998
Total comprehensive income for the year	202,325	124,581	–	–	118,400	(6,107)	12,288	77,744
Contribution by and distribution to owners								
Purchase of treasury shares by the Company	(1,694)	(1,694)	–	(1,694)	–	–	–	–
Value of employee services pursuant to performance share plan	6,124	5,742	–	–	–	5,742	–	382
Issue of new shares by the Company under performance share plan	–	–	12,232	–	–	(12,232)	–	–
Reserve arising from changes in non-controlling interests without change of control	–	(173)	–	–	–	(173)	–	173
Dividend paid to equity holders of the Company (Note 39)	(27,286)	(27,286)	–	–	(27,286)	–	–	–
Dividend paid by subsidiary to non-controlling interests	(23,164)	–	–	–	–	–	–	(23,164)
Total contribution by and distribution to owners	(46,020)	(23,411)	12,232	(1,694)	(27,286)	(6,663)	–	(22,609)
Others								
Transfer to statutory reserve (Note 27C)	–	–	–	–	(9,131)	9,131	–	–
Balance at 31 December 2019	1,286,690	880,557	993,178	(7,620)	563,704	(454,730)	(213,975)	406,133

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Total equity US$'000	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000
Balance at 1 January 2019	1,013,502	980,946	(5,926)	44,674	(6,192)
Total comprehensive income for the year	1,636	–	–	1,636	–
Issue of new shares by the Company under performance share plan	–	12,232	–	–	(12,232)
Purchase of treasury shares	(1,694)	–	(1,694)	–	–
Value of employee services pursuant to performance share plan (Note 27E)	4,799	–	–	–	4,799
Dividend paid to equity holders of the Company (Note 39)	(27,286)	–	–	(27,286)	–
Balance at 31 December 2019	990,957	993,178	(7,620)	19,024	(13,625)
Total comprehensive income for the year	206,844	–	–	206,844	–
Purchase of treasury shares	(15,266)	–	(15,266)	–	–
Rights issue of new shares by the Company	66,704	66,704	–	–	–
Value of employee services pursuant to performance share plan (Note 27E)	4,573	–	–	–	4,573
Dividend paid to equity holders of the Company (Note 39)	(14,891)	–	–	(14,891)	–
Balance at 31 December 2020	1,238,921	1,059,882	(22,886)	210,977	(9,052)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 US$'000	2019 US$'000
Cash flows from operating activities		
Profit before income tax	**422,403**	247,074
Adjustments for:		
Amortisation of intangible assets	**1,941**	1,967
Amortisation of bonds issuance cost	**1,799**	2,060
Depreciation of property, plant and equipment	**119,645**	117,461
Depreciation of right-of-use assets	**24,024**	18,543
Write-off of property, plant and equipment	**782**	1,047
Depreciation of investment properties	**288**	275
Effect of lease liabilities remeasurement	**1,087**	–
Fair value loss on derivative financial instruments	**1,995**	4,936
Fair value changes on other financial assets	**(25)**	–
Fair value gain on biological assets	**(7,055)**	(2,079)
Loss/(gain) on disposal of property, plant and equipment	**623**	(32)
Gain on disposal of investment property	**–**	(430)
Gain on disposal of a joint venture	**(861)**	–
Expenses arising from increase in defined benefit plan liabilities	**16,589**	16,601
Gain on disposal of a subsidiary	**(157,205)**	–
Interest income	**(6,537)**	(2,645)
Interest expense on loans and borrowings	**95,372**	99,418
Interest expense on leases	**10,620**	7,632
Write-off of other financial assets	**681**	1,452
Allowance for impairment on trade receivables	**3,023**	4,167
Value of employee services received pursuant to performance share plan	**8,926**	6,124
Share of gain from equity-accounted joint ventures	**(28)**	(601)
Net effect of exchange rate changes	**6,303**	10,629
Operating cash flows before changes in working capital	**544,390**	533,599
Inventories	**(9,102)**	(23,954)
Biological assets	**30,961**	(10,434)
Trade and other receivables	**(182)**	(33,963)
Other assets	**(21,387)**	28,579
Trade and other payables	**(23,261)**	1,333
Defined benefit plan liabilities	**(5,323)**	(10,044)
Other liabilities	**(1,166)**	(3,151)
Net cash flows from operations before tax	**514,930**	481,965
Income taxes paid	**(25,799)**	(95,856)
Interest expense paid	**(95,372)**	(99,418)
Interest paid on lease liabilities	**(10,620)**	(7,632)
Net cash flows from operating activities	**383,139**	279,059

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 US$'000	2019 US$'000
Cash flows used in investing activities		
Acquisition of subsidiaries, net of cash outflows	**–**	(8,567)
Purchase of property, plant and equipment (Note 25B)	**(211,621)**	(277,188)
Proceeds from disposal of property, plant and equipment	**2,701**	3,026
Proceeds from disposal of investment properties	**109**	536
Increase in real estate assets	**(3,532)**	(5,567)
Proceeds from disposal of a joint venture	**2,215**	–
Proceeds from disposal of subsidiary without loss of control	**254,400**	–
Purchase of biological assets	**(59,387)**	(30,612)
Purchase of intangible assets	**(657)**	(1,205)
Addition to investment in joint venture	**(695)**	–
Cash and cash equivalents disposed due to de-consolidation	**(6,174)**	–
Interest income received	**6,537**	2,645
Net cash flows used in investing activities	**(16,104)**	(316,932)
Cash flows used in financing activities		
Dividends paid by subsidiary to non–controlling interests	**(9,458)**	(23,164)
Dividends paid to equity holders of the Company	**(14,891)**	(27,286)
Repayment of principal portion of lease liabilities	**(29,031)**	(19,168)
(Repayment of)/proceeds from new bank loans	**(169,484)**	46,417
Net proceeds from rights issue of new shares by the Company	**66,704**	–
Increase in cash restricted in use	**615**	658
Purchase of treasury shares by the Company	**(15,266)**	(1,694)
Purchase of treasury shares by subsidiary	**(5,062)**	–
Purchase consideration paid for acquisition of non-controlling interests without change of control	**(19,830)**	–
Repayment of bonds payable	**–**	(61,147)
(Repayment)/proceeds from working capital loans	**(155,080)**	162,741
Net cash flows (used in)/from financing activities	**(350,783)**	77,357
Net increase in cash and cash equivalents	**16,252**	39,484
Effect of exchange rate changes on cash and cash equivalents	**306**	1,601
Cash and cash equivalents, beginning balance	**205,299**	164,214
Cash and cash equivalents, ending balance (Note 25A)	**221,857**	205,299

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

Japfa Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. Its immediate and ultimate holding companies are Rangi Management Limited and Fusion Investment Holdings Limited, both of which are incorporated and domiciled in the British Virgin Islands.

The registered office and principal place of business of the Company is located at 391B Orchard Road, #18-08, Ngee Ann City Tower B, Singapore 238874.

The principal activities of the Company are that of group head office, and business development and branding. The principal activities of its subsidiaries are described in Note 17 of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards International ("SFRS(I)").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US$" or "USD") and all values in the tables are rounded to the nearest thousand ("US$'000"), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Date to be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non–controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non–controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in statement of comprehensive income;
- re-classifies the Group's share of components previously recognised in other comprehensive income to statement of comprehensive income or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non–controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of comprehensive income on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash–generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGUs to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

2.5 Transactions with non–controlling interest

Non-controlling interest ("NCI") represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company. The NCI is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and NCI are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their statement of comprehensive income are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in statement of comprehensive income.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight–line basis over the estimated useful lives of the assets as follows:

Buildings and site facilities	–	4 to 50 years
Machinery and equipment	–	3 to 30 years
Office furniture and fixtures	–	2 to 25 years
Motor vehicles	–	3 to 12 years
Leasehold land	–	Over the remaining lease terms
Freehold land	–	Not depreciated

Asset under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in statement of comprehensive income in the year the asset is de-recognised.

2.8 Investment property

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, cost model is used to measure the investment property at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are determined by management. Depreciation is computed on a straight-line basis over the estimated useful lives of the investment properties of 14 to 35 years.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment property (cont'd)

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in statement of comprehensive income in the year of retirement or disposal.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Formula and technology	–	20 years
Customer relationships	–	6 years
Computer software	–	5 to 7 years
Trademark	–	8 years

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de–recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income when the asset is de-recognised.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset maybe impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash–generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in statement of comprehensive income, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investments in subsidiaries are accounted for at cost less impairment losses.

In the Company's separate financial statements, the fair value of performance shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

2.12 Joint arrangements – joint ventures and Associates

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Associates in an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in joint ventures and associates using the equity method from the date on which it becomes a joint venture or associate.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Joint arrangements – joint ventures and Associates (cont'd)

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's statement of comprehensive income in the period in which the investment is acquired.

Under the equity method, the investment in joint ventures and associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures and associates. The statement of comprehensive income reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures and associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture and associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture and associates are eliminated to the extent of the interest in the joint ventures and associates.

When the Group's share of losses in a joint venture and associates equals or exceeds its interest in the joint venture and associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture and associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures and associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture and associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and associates and its carrying value and recognises the amount in statement of comprehensive income.

The financial statements of the joint ventures and associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

Investments in equity instruments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Derivatives

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each balance sheet.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year.

The fair value of interest rate swap and foreign exchange forward and option contracts are determined by reference to market values for similar instruments.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group calculate ECLs for trade receivables initially based on the Group's historical observed default rates and adjust based on the forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Cash and cash equivalents

Cash and cash equivalents include bank and cash balances and on demand deposits. For the consolidated statement of cash flows the item includes cash and cash equivalents less cash subject to restriction, if any.

2.17 Biological assets

Biological assets are measured on initial recognition and at the end of the reporting year at their fair value less costs to sell, with any resultant gain or loss recognised in the profit or loss for the year in which it arises. Biological assets mainly comprise of dairy cows, breeding livestock and fattening livestock.

2.18 Real estate assets

Real estate assets are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Real estate assets are measured at the lower of cost and net realisable value.

Net realisable value of real estate assets is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of real estate assets recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of time value of money is material, provisions are discounted at a current pre–tax rate that reflects, where appropriate, current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Changes in estimates are reflected in statement of comprehensive income in the reporting year they occur.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.22 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement and bonus

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non–accumulating compensated absences, when the absences occur. A liability for bonus is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

(c) Defined benefit gratuity plan

The Group's subsidiary in India has a defined benefit gratuity plan for its employees. The scheme is funded with Life Insurance Corporation of India (LIC) in the form of a qualifying insurance policy. The Group provides the gratuity benefit through annual contribution to a Gratuity Trust which in term mainly contributes to LIC for this purpose. Under this plan, the settlement obligation remains with the Gratuity Trust. LIC administers the plan and determines the contribution premium required to be paid by the Trust.

(d) Defined benefit pension plan

The Group's subsidiaries in Indonesia operates a defined benefit pension plan for severance and service benefits, which is required under the labour laws in Indonesia and is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, is recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to statement of comprehensive income in subsequent period.

Past service costs are recognised in statement of comprehensive income on the earlier of:

– The date of the plan amendment or curtailment; and

– The date that the Group recognises restructuring–related costs.

The Group recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non–routine settlements in the net defined benefit obligation under 'administration expenses' in consolidated statement of statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (cont'd)

(e) Employee performance share and share option plans

(i) Performance share plans

Employees of the Group may receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This cost is recognised in statement of comprehensive income, with a corresponding increase in equity, over the vesting period of the share-based payment scheme. The value of the charge is adjusted in statement of comprehensive income over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity.

If the employee is rendering the services for the award beginning on a date earlier than the grant date, the Group estimates the cost of the award and recognises such cost over a period starting with that earlier date. The Group adjusts the fair value estimate to the grant date when approval is given. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in statement of comprehensive income.

For share-based payment awards with non–vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(ii) Employee share option plans

Certain employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non–vesting conditions. This cost is recognised in statement of comprehensive income, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non–vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the statement of comprehensive income upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (cont'd)

(e) Employee performance share and share option plans (cont'd)

(ii) Employee share option plans (cont'd)

Modification and cancellation of employee share option plan

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where the employee share option plan is cancelled, it is treated as if it vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transactions awards are treated equally.

(iii) Cash-settled share-based payment transactions

The cost of a cash-settled share-based payment transaction is measured initially at fair value at the grant date. This fair value is recognised in profit or loss over the vesting period with recognition of a corresponding liability. Until the liability is settled, its is remeasured at each reporting date with changes in fair value recognised in profit or loss.

2.23 Leases

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land use rights	–	2 to 58 years
Buildings and site facilities	–	2 to 15 years
Machinery and equipment	–	2 to 7 years
Office furniture and fixtures	–	2 years
Transport vehicles	–	2 to 8 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (cont'd)

(a) As lessee (cont'd)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition (cont'd)

(a) Sales of goods

Revenue is recognised when the goods are delivered to customer and all criteria for acceptance have been satisfied as follows:

(i) Sales of animal feed

Revenue from these sales is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with incentives such as volume rebates. Revenue from these sales is recorded based on the contracted price less the estimated incentives, which are determined based on the 'most likely method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold.

(ii) Sales of animal protein

Revenue from sales of animal protein is recognised when the livestock are collected by customers.

(iii) Sales of raw milk

Revenue from these sales is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

(iv) Sales of animal protein products and milk products

The Group sells animal protein products and milk products through retail sales and distributors. Revenue from sales of these products are recognised when the goods are delivered to customers. Animal protein and milk products are sold to certain customers with right of return and fixed rebates. Revenue from these sales is recorded based on the contracted price less the expected returns and rebates. The Group estimates the amount of expected returns in determining the transaction price and recognises revenue based on the amounts to which it expects to be entitled through the end of the return period. The Group recognises the amount of expected returns as a liability, representing its obligation to refund the customer's consideration.

(b) Rental income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income from equity instruments is recognised when the entity's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in statement of comprehensive income except to the extent that the tax relates to items recognised outside statement of comprehensive income, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable statement of comprehensive income; and

– In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable statement of comprehensive income; and

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside statement of comprehensive income is recognised outside statement of comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.26 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on geographical area of the business unit which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements made in applying accounting policies

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below.

Income taxes

The Group operates in a number of jurisdictions, including Indonesia, China, India, Vietnam, Myanmar and Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate determination is uncertain during the ordinary course of business. The administration and enforcement of tax laws and regulations may be subject to uncertainty and a certain degree of discretion by the tax authorities in these countries. Although the Group believes the amounts recognised for income and deferred taxes are adequate, these amounts may be insufficient based on the respective countries' tax authorities interpretation and application of these laws and regulations and the Group may be required to pay more as a result. It is impracticable to determine the extent of the possible effects of the above, if any, on the consolidated financial statements of the Group. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Fair value of biological assets

Biological assets are measured at fair value less costs to sell. Fair value is measured based on either the market determined prices as at the end of the reporting year adjusted with reference to the species, age, growing condition, costs incurred and expected yield to reflect differences in characteristics and/or stages of growth of the biological assets; or the present value of expected net cash flows from the biological assets discounted at a current market-determined rate, when market-determined prices are unavailable. Any change in the estimates may affect the fair value of the biological assets significantly. The key assumptions applied in determination of the fair value of the Group's biological assets are described in more detail in Note 19.

(b) Defined benefit plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about pension obligations are disclosed in Note 28.

(c) Impairment assessment of non–financial assets

Where an investee is in net equity deficit and or has suffered losses an assessment is made as to whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

(d) Leases – Estimating the IBR

The Group is not able to readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (e.g. when leases are not in the subsidiary's functional currency). The Group uses existing debt borrowing rates of the respective Group's entities as its IBR. The information about the Group's leases is disclosed in Note 31.

(e) Provision for ECLs of trade receivables

The Group calculates ECLs for trade receivables initially based on the historical observed default rates and adjust based on the forward-looking information.

At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(e) Provision for ECLs of trade receivables (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 21.

4. REVENUE

Business segments

	Group	
	2020 US$'000	2019 US$'000
Animal Protein – PT Japfa Tbk	**2,527,474**	2,750,919
Animal Protein – Other	**796,000**	692,023
Dairy	**547,515**	471,471
Others	**(2,727)**	(23,957)
	3,868,262	3,890,456

The segmental revenue and results included a Consumer Food segment in FY 2020 which has been consolidated into the Animal Protein - PT Japfa Tbk segment in FY 2020. To allow comparability, the FY 2019 table above has been adjusted accordingly.

Others includes corporate office, central purchasing office and consolidation adjustments which are not directly attributable to a particular business segment above.

Major products

Revenue by the major products groups by segments include the following:

	Animal Protein - PT Japfa Tbk US$'000	Animal Protein - Other US$'000	Dairy US$'000	Total US$'000
2020				
Sales of animal feed	**888,318**	**342,080**	**–**	**1,230,398**
Sales of livestock	**1,150,050**	**408,953**	**77,429**	**1,636,432**
Sales of raw milk	**–**	**–**	**349,834**	**349,834**
Sales of animal protein and milk products	**341,504**	**44,766**	**121,057**	**507,327**
2019				
Sales of animal feed	1,099,238	324,550	–	1,423,788
Sales of livestock	1,194,115	314,956	59,448	1,568,519
Sales of raw milk	–	–	321,009	321,009
Sales of animal protein and milk products	203,912	19,201	97,416	320,529

For the sale of goods, the Group satisfies its performance obligation at a point in time.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. REVENUE (CONT'D)

Judgement and methods used in estimating variable consideration

In estimating the variable consideration from the sale of goods, the Group uses the expected value method to estimate the returns and various incentives to customers, such as volume rebates by different product types. Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price. For volume rebates, management determines the retrospective rebates to some of its customers if the customers reach a certain threshold of purchase. For product returns, management considers its historical experience and evidence from other similar contracts to develop an estimate of variable consideration for expected returns using the expected value method.

5. INTEREST INCOME

	Group	
	2020 US$'000	2019 US$'000
Interest income from cash deposits in bank	**6,537**	2,645

6. OTHER GAINS

	Group	
	2020 US$'000	2019 US$'000
Gain on disposal of investment properties	–	430
Gain on disposal of subsidiary	**157,205**	–
Gain on disposal of joint venture	**861**	–
Insurance compensation	**4,366**	2,751
Sale of scrap	**2,838**	2,518
Government grant income	**2,536**	2,554
Rental income from investment properties	**267**	968
Other rental income	**666**	116
(Loss)/gain on disposal of property, plant and equipment	**(623)**	32
Write-off of property, plant and equipment	**(782)**	(1,047)
Write-off of other financial assets	**(681)**	(1,452)
Loss on fair value of derivative financial instruments	**(1,995)**	(4,936)
Tax and related penalties	**(9,194)**	–
Others	**(4,548)**	(1,607)
	150,916	327

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7. MARKETING AND DISTRIBUTION COSTS

The major components include the following:

	Group	
	2020 US$'000	2019 US$'000
Advertising and promotion expense	**30,273**	32,708
Employee benefits expense	**44,749**	40,804
Freight charges	**36,086**	45,119
Sales commission	**266**	326
Vehicles maintenance	**6,971**	6,666
Freight forwarding	**4,387**	5,421
Travel and courier services	**2,979**	5,134
Rental expenses	**7,122**	4,822
Depreciation expenses	**5,163**	4,267

8. ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2020 US$'000	2019 US$'000
Audit fees:		
– Auditor of the Company	**1,480**	1,361
Non–audit fees:		
– Auditor of the Company	**284**	290
Employee benefits expense	**188,256**	176,572
Depreciation and amortisation expense	**25,239**	21,031
Travel expense	**4,189**	12,814
Rental expense	**3,643**	3,857
Professional expense	**14,847**	5,625
Security expense	**2,684**	2,833
Miscellaneous office expense	**7,208**	5,548
Maintenance expense	**6,525**	7,066

9. FINANCE COSTS

	Group	
	2020 US$'000	2019 US$'000
Interest expense on loans and borrowings	**95,372**	99,418
Interest expense on lease liabilities	**10,620**	7,632
	105,992	107,050

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. EMPLOYEE BENEFITS EXPENSE

	Group 2020 US$'000	Group 2019 US$'000
Salaries and bonuses	**376,023**	349,358
Contributions to defined contribution plans	**19,357**	18,813
Defined benefits plan expenses (Note 28)	**16,589**	16,601
Value of employee services received pursuant to Performance share plan	**8,926**	6,124
Total employee benefits expense	**420,895**	390,896

11. INCOME TAX

11A. Components of tax expense recognised in statement of comprehensive income

	Group 2020 US$'000	Group 2019 US$'000
Current income tax:		
Current income taxation	**50,479**	51,538
Under provision in respect of previous years	**381**	2,783
	50,860	54,321
Deferred income tax:		
Origination and reversal of temporary differences	**(6,606)**	4,265
Withholding tax expenses	**6,576**	3,863
Income tax expense recognised in statement of comprehensive income	**50,830**	62,449

The reconciliation of income tax below is determined by applying the Singapore corporate tax rate. The income tax in statement of comprehensive income varied from the amount determined by applying the Singapore corporate tax rate of 17% (2019: 17%) to statement of comprehensive income before income tax as a result of the following differences:

	Group 2020 US$'000	Group 2019 US$'000
Profit before income tax	**422,403**	247,074
Share of gain of equity accounted joint ventures	**(28)**	(601)
	422,375	246,473
Income tax expense at the above rate	**71,804**	41,900
Effect of different tax rates in different countries	**15,352**	9,832
Expenses not deductible for tax purposes	**18,509**	18,435
Income not subject to tax	**(53,521)**	(16,957)
Deferred tax assets not recognised	**1,700**	6,744
Under provision in respect of previous years	**381**	2,783
Withholding tax	**6,576**	3,863
Utilisation of previously unrecognised tax losses	**(2,402)**	(3,764)
Tax incentives	**(8,066)**	(807)
Others	**497**	420
Total income tax expense	**50,830**	62,449
Effective tax rate	**12.0%**	25.3%

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. INCOME TAX (CONT'D)

11A. COMPONENTS OF TAX EXPENSE RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

Relationship between tax expense and accounting profit

There are no income tax consequences attached to dividends paid to owners of the Company.

Certain subsidiaries within the Group are exempted from corporate income tax in the respective tax jurisdiction in which they are domiciled and operate. In addition, a subsidiary in the Group enjoys a concessionary corporate income tax rate of 10%, subject to meeting certain terms and conditions imposed by the authorities.

11B. Deferred tax (credit)/expense recognised in statement of comprehensive income

	Group	
	2020 US$'000	2019 US$'000
Excess of net book value over tax value of plant and equipment	**(476)**	1,103
Fair value of biological assets	**222**	2,302
Tax losses of subsidiaries	**(3,980)**	(2,229)
Provision of liability for employee benefits	**(379)**	(1,220)
Provision	**2,437**	(146)
Allowance for impairment	**(434)**	(573)
Undistributed earnings	**(1,306)**	2,211
Others	**(2,690)**	2,817
Net deferred tax (credit)/expense recognised in statement of comprehensive income	**(6,606)**	4,265

11C. Deferred tax (credit) recognised in other comprehensive income

	Group	
	2020 US$'000	2019 US$'000
Re-measurement of the net defined benefits plan (Note 28)	**(2,846)**	(695)

11D. Deferred tax balance in the statement of financial position

	Group	
	2020 US$'000	2019 US$'000
Deferred tax assets/(liabilities) are as follows:		
Excess of net book value over tax value of plant and equipment	**(6,489)**	(9,116)
Fair value of biological assets	**(2,234)**	(3,810)
Losses of subsidiaries	**6,721**	2,621
Provision of liability for employee benefits	**23,538**	21,293
Provision	**4,425**	7,304
Undistributed earnings	**(906)**	(2,211)
Others	**3,949**	2,570
Total	**29,344**	18,651
Presented in the statement of financial position as follows:		
Deferred tax assets	**34,355**	28,182
Deferred tax liabilities	**(5,011)**	(9,531)
	29,344	18,651

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. INCOME TAX (CONT'D)

11E. Unrecognised deferred tax

Unrecognised tax losses:

At the end of the reporting year, the Group and the Company have unutilised tax losses of approximately US$17.6 million (2019: US$41.6 million) and US$0.2 million (2019: US$1.7 million), respectively, that are available for offset against future taxable profits of the companies in which the losses arose, and for which no deferred tax asset was recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Included in the unrecognised tax losses are tax losses with expiry dates as follows:

	Group	
	2020 US$'000	2019 US$'000
Tax losses expiring in year		
2020	–	1,915
2021	**657**	976
2022	**2,424**	5,203
2023	**3,754**	12,734
2024	**6,961**	13,000
2025	**3,639**	–
	17,435	33,828

Temporary differences on undistributed earnings:

Deferred tax liability of approximately US$57.8 million (2019: US$45.1 million) has not been recognised in these financial statements for withholding taxes that would be payable on the undistributed earnings of the Group's foreign subsidiaries as the Group is able to control the timing of dividend distributions of the subsidiaries and has determined that these undistributed earnings will not be distributed in the foreseeable future.

12. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share:

	Group	
	2020 US$'000	2019 US$'000
Numerator:		
Earnings attributable to equity holders	**321,967**	119,952

	Number of shares	
	'000	'000
Denominator:		
Weighted average number of equity shares	**2,029,455**	1,860,889

The weighted average number of equity shares refers to shares in circulation during the reporting year.

There is no dilution of earnings per share as there are presently no dilutive shares outstanding as at the end of the reporting year. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land US$'000	Freehold land US$'000	Buildings and site facilities US$'000	Machinery and equipment US$'000	Office furniture and fixtures US$'000	Construction in progress US$'000	Motor vehicles US$'000	Total US$'000
Cost:								
At 1 January 2019	143,469	1,735	580,563	604,990	104,467	88,094	79,711	1,603,029
Additions	20,401	4,103	13,928	22,390	10,170	194,007	11,562	276,561
Additions through business combination	958	–	362	319	803	–	–	2,442
Disposals/write-off	–	–	(2,225)	(4,654)	(1,619)	(1,511)	(1,740)	(11,749)
Reclassifications *	(10,940)	–	85,724	66,363	11,022	(169,470)	5,934	(11,367)
Foreign exchange adjustments	5,499	(36)	11,918	13,425	3,962	3,260	2,767	40,795
At 31 December 2019 and 1 January 2020	159,387	5,802	690,270	702,833	128,805	114,380	98,234	1,899,711
Additions	14,660	–	11,513	26,746	10,986	153,857	3,992	221,754
Disposal of a subsidiary	–	–	(46,453)	(40,831)	(6,763)	(1,009)	(3,931)	(98,987)
Disposals/write-off	(152)	–	(1,411)	(6,144)	(2,414)	(11)	(1,625)	(11,757)
Reclassifications *	(2,706)	–	102,356	86,117	6,884	(196,062)	646	(2,765)
Foreign exchange adjustments	(2,316)	(109)	10,724	8,844	(1,419)	(1,379)	(934)	13,411
At 31 December 2020	168,873	5,693	766,999	777,565	136,079	69,776	96,382	2,021,367
Accumulated depreciation:								
At 1 January 2019	36,418	–	151,856	283,094	69,478	–	52,036	592,882
Depreciation for the year	6,684	–	30,542	58,846	13,162	–	8,227	117,461
Additions through business combination	–	–	3	8	7	–	–	18
Disposals/write-off	–	–	(1,239)	(3,350)	(1,432)	–	(1,687)	(7,708)
Reclassifications *	(1,376)	–	47	673	(331)	–	(1)	(988)
Foreign exchange adjustments	1,569	–	4,240	7,968	2,871	–	2,082	18,730
At 31 December 2019 and 1 January 2020	43,295	–	185,449	347,239	83,755	–	60,657	720,395
Depreciation for the year	6,209	–	35,048	65,497	15,006	–	8,378	130,138
Disposal of a subsidiary	–	–	(8,844)	(16,330)	(3,543)	–	(2,563)	(31,280)
Disposals/write-off	–	–	(662)	(3,729)	(1,918)	–	(1,341)	(7,650)
Reclassifications *	(473)	–	1	(42)	12	–	–	(502)
Foreign exchange adjustments	(398)	–	2,419	4,292	(436)	–	(426)	5,451
At 31 December 2020	48,633	–	213,411	396,927	92,876	–	64,705	816,552
Net book value:								
At 31 December 2019	116,092	5,802	504,821	355,594	45,050	114,380	37,577	1,179,316
At 31 December 2020	120,240	5,693	553,588	380,638	43,203	69,776	31,677	1,204,815

* Included in the reclassifications are certain assets with carrying values reclassified from/to investment properties (Note 15) of US$0.6 million (2019: US$0.1 million), right-of-use assets of US$1.0 million (2019: US$8.8 million), real estate assets of Nil (2019: US$1.7 million) and intangible assets of US$0.1 million (2019: Nil) respectively.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office furniture and fixtures US$'000	Motor vehicles US$'000	Total US$'000
Cost:			
At 1 January 2019	1,279	387	1,666
Additions	21	–	21
At 31 December 2019 and 1 January 2020	1,300	387	1,687
Additions	10	–	10
At 31 December 2020	1,310	387	1,697
Accumulated depreciation:			
At 1 January 2019	1,238	154	1,392
Depreciation for the year	19	78	97
At 31 December 2019 and 1 January 2020	1,257	232	1,489
Depreciation for the year	15	77	92
At 31 December 2020	1,272	309	1,581
Net book value:			
At 31 December 2019	43	155	198
At 31 December 2020	38	78	116

The Group's property, plant and equipment with carrying amount of US$170.4 million (2019: US$174.3 million) are pledged as security for banking facilities (Note 30A).

In 2020, the Group's depreciation expense on property, plant and equipment amounting to US$10.5 million was capitalised in biological assets.

Certain land are held in trust for the Group by employees of the Group.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. RIGHT-OF-USE ASSETS

Group	Land use rights US$'000	Buildings and site facilities US$'000	Machinery and equipment US$'000	Office furniture and fixtures US$'000	Transport vehicles US$'000	Total US$'000
Cost:						
On adoption of SFRS(I) 16, under modified retrospective approach at 1 January 2019	62,922	41,871	1,396	–	580	106,769
Additions	10,389	30,335	215	3	1,071	42,013
Foreign exchange adjustments	414	151	42	–	–	607
At 31 December 2019 and 1 January 2020	73,725	72,357	1,653	3	1,651	149,389
Additions	6,944	73,377	548	–	1,429	82,298
Disposal of a subsidiary	(9,346)	(734)	–	–	–	(10,080)
Effect of lease remeasurement	280	3,048	19	–	22	3,369
Lease termination/expired	(605)	(6,132)	(342)	–	(94)	(7,173)
Reclassifications	891	229	–	–	–	1,120
Foreign exchange adjustments	4,430	32	(14)	–	2	4,450
At 31 December 2020	76,319	142,177	1,864	3	3,010	223,373
Accumulated depreciation:						
At 1 January 2019	–	–	–	–	–	–
Charge for the year	4,418	13,096	572	–	457	18,543
Foreign exchange adjustments	(18)	68	8	–	1	59
At 31 December 2019 and 1 January 2020	4,400	13,164	580	–	458	18,602
Charge for the year	4,886	19,312	484	2	782	25,466
Disposal of a subsidiary	(853)	(201)	-	–	–	(1,054)
Lease termination/expired	(51)	(3,177)	(342)	–	(80)	(3,650)
Reclassifications	78	77	-	–	–	155
Foreign exchange adjustments	482	272	6	–	6	766
At 31 December 2020	8,942	29,447	728	2	1,166	40,285
Net book value:						
At 31 December 2019	69,325	59,193	1,073	3	1,193	130,787
At 31 December 2020	67,377	112,730	1,136	1	1,844	183,088

In 2020, the depreciation expense on right-of-use assets amounting to US$1.4 million was capitalised in biological assets.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. RIGHT-OF-USE ASSETS (CONT'D)

Company	Buildings and site facilities US$'000
Cost:	
On adoption of SFRS(I) 16, under modified retrospective approach at 1 January 2019	1,046
At 31 December 2019 and 1 January 2020	1,046
Effect of lease remeasurement	(15)
At 31 December 2020	1,031
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	502
At 31 December 2019 and 1 January 2020	502
Charge for the year	489
At 31 December 2020	991
Net book value:	
At 31 December 2019	544
At 31 December 2020	40

15. INVESTMENT PROPERTIES

Group	2020 US$'000	2019 US$'000
At cost:		
At 1 January	**7,382**	7,296
Disposals	**(109)**	(114)
Reclassifications from/(to) property, plant and equipment	**975**	(105)
Foreign exchange adjustments	**(107)**	305
At 31 December	**8,141**	7,382
Accumulated depreciation and impairment:		
At 1 January	**2,388**	2,040
Depreciation for the year	**288**	275
Disposals	**–**	(8)
Reclassifications from/(to) property, plant and equipment	**382**	(9)
Foreign exchange adjustments	**(23)**	90
At 31 December	**3,035**	2,388
Net book value:		
At 31 December	**5,106**	4,994
Rental income	**267**	968
Direct operating expenses (including repair and maintenance) of investment properties that generated rental income during the year	**–**	959
Direct operating expenses (including repair and maintenance) of investment properties that did not generate rental income during the year	**25**	136

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. INVESTMENT PROPERTIES (CONT'D)

The investment properties are leased out as operating leases. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

Investment properties are carried at cost less accumulated depreciation at the statement of financial position date. The fair value of the investment properties amounted to U$15.8 million (2019: U$17.1 million). Considering the condition of the property market, management believes that there had been no significant changes to such fair value between the valuation date and 31 December 2020.

As at 31 December 2020, the fair values of the properties are based on valuations performed by Nanang Rahayu Sigit Paryanto & Rekan, an accredited independent valuer. Nanang Rahayu Sigit Paryanto & Rekan is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

16. INTANGIBLE ASSETS

	Group	
	2020 US$'000	2019 US$'000
Goodwill (Note 16A)	**11,019**	11,180
Other intangible assets (Note 16B)	**3,206**	5,731
	14,225	16,911

16A. Goodwill

	Group US$'000
At 1 January 2019	6,455
Additions through business combination	4,416
Foreign exchange adjustments	309
At 31 December 2019 and 1 January 2020	11,180
Foreign exchange adjustments	(161)
At 31 December 2020	11,019

Goodwill is allocated to CGUs for the purposes of impairment testing. Each of those CGUs represents the Group's investment in a subsidiary as follows:

	2020 US$'000	2019 US$'000
Name of subsidiaries:		
PT Ciomas Adisatwa	**7,883**	7,998
PT Multi Makanan Permai	**3,136**	3,182

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. INTANGIBLE ASSETS (CONT'D)

16A. Goodwill (cont'd)

The goodwill for CGUs were tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of a CGU exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of the CGUs have been measured based on their value in use. The quantitative information and key assumptions about the value in use measurements using significant unobservable inputs for CGUs are consistent with those used for the measurements last performed and are analysed as follows:

	2020 US$'000	2019 US$'000
Valuation technique:	Discounted cash flow method	
Unobservable inputs:		
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs:	**9.66% to 14.99%**	17.17% to 18.87%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management:	**5 years**	5 years

Relationship of unobservable inputs to value in use:

Discount rate – the higher the discount rate, the lower the value in use.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the goodwill as of the end of the reporting period, assuming if all other assumptions were held constant:

	2020		2019	
	Increase/ (decrease)	Change in recoverable amount US$'000	Increase/ (decrease)	Change in recoverable amount US$'000
PT Ciomas Adisatwa				
Discount rate	**+1%**	**(21,009)**	+1%	(30,946)
	–1%	**22,134**	–1%	39,775
PT Multi Makanan Permai				
Discount rate	**+1%**	**(11,007)**	+1%	(5,939)
	–1%	**18,368**	–1%	8,770

There is no impairment based on the sensitivity analysis performed.

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16. INTANGIBLE ASSETS (CONT'D)

16B. Other intangible assets

Group	Customer relationships US$'000	Formula and technology US$'000	Trademark US$'000	Computer software US$'000	Total US$'000
At cost:					
At 1 January 2019	2,853	1,311	–	11,459	15,623
Additions	–	–	–	1,205	1,205
Additions through business combination	–	–	748	–	748
Write-off	(2,853)	–	–	(24)	(2,877)
Foreign exchange adjustments	–	18	7	324	349
At 31 December 2019 and 1 January 2020	–	1,329	755	12,964	15,048
Additions	–	–	–	657	657
Disposal of a subsidiary	–	(1,333)	–	(1,416)	(2,749)
Reclassifications	–	(18)	–	(75)	(93)
Foreign exchange adjustments	–	22	(11)	(7)	4
At 31 December 2020	–	–	744	12,123	12,867
Accumulated amortisation:					
At 1 January 2019	2,852	257	–	6,896	10,005
Charge for the year	1	131	16	1,819	1,967
Written off	(2,853)	–	–	(24)	(2,877)
Foreign exchange adjustments	–	5	–	217	222
At 31 December 2019 and 1 January 2020	–	393	16	8,908	9,317
Charge for the year	–	128	90	1,723	1,941
Disposal of a subsidiary	–	(522)	–	(904)	(1,426)
Reclassification	–	(11)	–	(200)	(211)
Foreign exchange adjustments	–	12	3	25	40
At 31 December 2020	–	–	109	9,552	9,661
Net book value:					
At 31 December 2019	–	936	739	4,056	5,731
At 31 December 2020	–	–	635	2,571	3,206

The amortisation expense of other intangible assets is charged as administrative expenses.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. INVESTMENTS IN SUBSIDIARIES

	Company 2020 US$'000	Company 2019 US$'000
Quoted equity shares at cost	**137,917**	117,171
Unquoted equity shares at cost	**980,843**	1,232,974
	1,118,760	1,350,145
Less: Allowance for impairment	**(66,804)**	(56,840)
Net carrying amount	**1,051,956**	1,293,305
Fair value of quoted equity shares	**663,396**	678,897
Analysis of above amount denominated in non-functional currencies:		
Indonesian Rupiah	**135,724**	115,894
Indian Rupee	**4,230**	4,230
Movements in cost during the year:		
At 1 January	**1,350,145**	1,331,364
Additions	**155,413**	18,781
Capital reduction against the loan due to subsidiaries	**(84,141)**	–
Disposal	**(302,657)**	–
At 31 December	**1,118,760**	1,350,145

17A. Major subsidiaries held by the Group

Name of subsidiaries and principal activities (and independent auditor)	Country of incorporation	Effective equity held by the Group 2020 %	2019 %
Held by the Company:			
PT Japfa Comfeed Indonesia Tbk ("PT Japfa") [(b) (e) (f)] Processing of materials for the manufacture/production of animal feed, engaging in breeding, poultry and other farms and engaging in domestic and international trading	Indonesia	**54.5**	52.4
Annona Pte Ltd ("ANN") [(a)] Import and export of raw materials	Singapore	**100**	100
Jupiter Foods Pte Ltd ("JFS") [(a)] Investment holding	Singapore	**100**	100
Japfa South–Asia Investments Pte Ltd ("JSI") [(a)] Investment holding	Singapore	**100**	100
Japfa Vietnam Investments Pte Ltd ("JVI") [(a)] Investment holding	Singapore	**100**	100

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

17A. Major subsidiaries held by the Group (cont'd)

Name of subsidiaries and principal activities (and independent auditor)	Country of incorporation	Effective equity held by the Group 2020 %	2019 %
Held by the Company (cont'd):			
Japfa China Investments Pte Ltd ("JC") [(a)] Investment holding	Singapore	**100**	100
Japfa Myanmar JV Pte Ltd ("JMJV") [(a)] Investment holding	Singapore	**100**	100
AustAsia Investment Holdings Pte Ltd ("AIH") [(a)] [(f)] Investment holding	Singapore	**75**	100
Major subsidiaries held through PT Japfa:			
PT Suri Tani Pemuka [(b)] Production of shrimp feed, shrimp farming, cold storage and shrimp hatchery	Indonesia	**54.5**	52.4
Comfeed Finance B.V. [(c)] Provision of treasury services	Netherlands	**54.5**	52.4
PT Ciomas Adisatwa [(b)] Trading, commercial farm and chicken slaughter house	Indonesia	**54.5**	52.4
PT Indojaya Agrinusa [(b)] [(d)] Animal feeds manufacturing and chicken breeding	Indonesia	**27.2**	26.2
PT Santosa Agrindo [(b)] Trading, beef processing unit and cattle slaughter house	Indonesia	**54.5**	52.4
PT Jakamitra Indonesia [(b)] Real estate	Indonesia	**54.5**	52.4
PT Multi Makanan Permai [(b)] Trading	Indonesia	**54.5**	52.4
PT So Good Food [(b)] Trading	Indonesia	**54.5**	–
Major subsidiary held through JSI:			
Japfa Comfeed India Private Ltd ("JCIPL") [(b)] Poultry	India	**100**	100
Major subsidiary held through JFS:			
PT So Good Food [(b)] Trading	Indonesia	**–**	100
Major subsidiary held through JVI:			
Japfa Comfeed Vietnam Limited Company [(b)] Breeding farm and poultry	Vietnam	**100**	100

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries and principal activities (and independent auditor)	Country of incorporation	Effective equity held by the Group 2020 %	2019 %
Major subsidiary held through JC:			
Dongying AustAsia Beef Co., Ltd [(b)] (Formerly known as Dongying Japfa Beef Co Ltd.) Beef cattle breeding, grass forage production, import and export of beef cattle and related products	China	–	100
Major subsidiary held through JMJV:			
Japfa Comfeed Myanmar Pte Ltd ("JCM") [(b)] Poultry and feedmill business	Myanmar	**99**	99
Major subsidiaries held through AIH:			
PT Greenfields Indonesia [(b)] Production and sales of milk	Indonesia	–	100
Dongying AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk	China	**75**	100
Taian AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk	China	**75**	100
Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk	China	**75**	100
Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk	China	**75**	100
Dongying AustAsia Beef Co., Ltd ("DYAB") [(b)] (Formerly known as Dongying Japfa Beef Co Ltd.) Beef cattle breeding, grass forage production, import and export of beef cattle and related products	China	**75**	–
AIH2 Pte Ltd ("AIH2") [(a)] Providing business and management consultancy services	Singapore	**75**	100
Major subsidiaries held through AIH2:			
Chifeng Austasia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk	China	**75**	100

(a) Audited by Ernst & Young LLP, Singapore.
(b) Audited by member firms of EY Global in the respective countries.
(c) Audited by firms of accountants other than member firms of EY Global.
(d) The entity is regarded as a subsidiary as the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of the entity, and it is able to obtain control through potential voting rights.
(e) Listed on Jakarta stock exchange.
(f) The Group's investments in the related subsidiaries are pledged to banks to secure banking facilities.

NOTES TO THE FINANCIAL STATEMENT

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

17B. Impairment of impairment of investment in certain subsidiaries

Certain investments in subsidiaries with carrying amounts of US$83.1 million (US$105.6 million) were tested for impairment at the end of the reporting year.

The recoverable amount of an asset or a cash–generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on the fair value less cost of disposal method as appropriate. The fair value less cost of disposal is measured by management and impairment loss of US$9.9 million (2019: US$1.5 million) was recognised during the year.

17C. Financial information of subsidiaries with material NCI

There are subsidiaries that have NCI that are considered material to the Group and additional disclosures on them (amounts before inter-company eliminations) are presented below.

Summarised statement of financial position

	PT Japfa Comfeed Indonesia Tbk		AustAsia Investment Holdings Pte Ltd	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Current assets	**832,693**	877,054	**242,694**	247,155
Non–current assets	**957,955**	934,686	**733,709**	727,048
Current liabilities	**426,172**	505,992	**178,694**	224,656
Non–current liabilities	**604,652**	482,198	**146,041**	183,999

Summarised statement of comprehensive income and other summarised information

	PT Japfa Comfeed Indonesia Tbk 2020 US$'000	2019 US$'000	AustAsia Investment Holdings Pte Ltd 2020 US$'000	2019 US$'000
Revenue	**2,527,474**	2,600,215	**463,817**	481,809
Profit for the reporting year	**77,283**	133,318	**95,840**	67,567
Total comprehensive income	**21,875**	131,273	**130,053**	56,362
Operating cash flows, increase	**280,299**	133,012	**160,310**	146,945
Net cash flows, increase/(decrease)	**22,159**	(8,705)	**(7,887)**	13,503

17D. Business acquisition in 2019

PT Proteindotama Cipta Pangan ("PCP")

On 30 July 2019, the Company received official confirmation that PT Ciomas Adisatwa, a wholly owned subsidiary of PT Japfa, together with PT Suri Tani Pemuka as second statutory shareholder, have incorporated a new subsidiary in Indonesia, namely PT Proteindotama Cipta Pangan ("PCP"). The principal activity of PCP is to operate a downstream food business in Indonesia. On 31 October 2019, PCP signed several sales and purchase agreements with third parties to acquire groups of assets that constitute retail meat store business.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

17D. Business acquisition in 2019 (cont'd)

PT Proteindotama Cipta Pangan ("PCP") (cont'd)

The fair value of the identifiable assets and the considerations paid are as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	1,545
Intangible assets	748
Other assets	444
Inventories	256
Net assets	2,993
Add: Goodwill	2,925
Purchase consideration paid	5,918
Less: Cash and cash equivalents of subsidiary acquired	–
Net cash outflow on acquisition	5,918

17E. Acquisition of subsidiary in 2019

PT Celebes Agro Semesta ("CAS")

On 1 July 2019, the Group acquired 100% of the share capital in PT Celebes Agro Semesta ("CAS") from a related party and a private individual for a purchase consideration of US$2.7 million. From that date, the Group gained control and CAS became a subsidiary. The principal activities of CAS are trading of agriculture, trading, industry, transportation and services. The transaction was accounted for by the acquisition method of accounting.

The fair value of the identifiable assets and liabilities at acquisition date are as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	879
Other assets	212
Inventories	550
Trade and other receivables	2,170
Cash and cash equivalents	60
Trade and other payables	(108)
Tax payable	(4)
Other liabilities	(2,501)
Deferred tax liability	(40)
Net assets	1,218
Add: Goodwill	1,491
Purchase consideration paid	2,709
Less: Cash and cash equivalents of subsidiary acquired	(60)
Net cash outflow on acquisition	2,649

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

17F. Changes in equity interests in subsidiaries in 2020

AustAsia Investment Holdings Pte Ltd ("AIH")

On 15 April 2020, the Company entered into a sale and purchase agreement for the sale of 25% of the share capital in AIH to an unrelated company. The consideration received for this transaction amounted to US$ 254.4 million. Changes in the ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Following the transaction, a gain of US$121.6 million was recorded in capital reserve.

PT Japfa Comfeed Indonesia Tbk ("PT Japfa")

An interest of 2.3% in subsidiary, PT Japfa, was acquired during the year for US$19.8 million in cash. This increased the equity interest from 52.43% to 54.47%. Changes in the ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Following the transaction, a loss of US$6.2 million was recorded in capital reserve.

PT So Good Food ("SGF") and PT SGF Manufacturing ("SGM")

On 28 August 2020, the Company's wholly-owned subsidiaries, Jupiter Foods Pte Ltd ("JFS") and Annona Pte Ltd ("Annona") entered into a sale and purchase agreement for the sale of JFS's Indonesian subsidiaries PT So Good Food ("SGF") and PT SGF Manufacturing ("SGM") to the Company's Indonesian subsidiary, PT Japfa Comfeed Indonesia Tbk ("PT Japfa") and its subsidiary, PT Ciomas Adisatwa, as part of a restructuring exercise. The consideration of this transaction is IDR1,214 billion (US$ 85.7 million). Changes in the ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Following the transaction, a gain of US$19.4 million was recorded in capital reserve.

17G. Disposal of subsidiary in 2020

Greenfields Dairy Singapore Pte Ltd ("GDS")

On 6 December 2020, the Company entered into a share purchase agreement with a unrelated company, that resulted in the effective disposal of 80% of the shareholding in its wholly-owned subsidiary, Greenfields Dairy Singapore Pte Ltd ("GDS"). The remaining shareholding resulting from a disposal of subsidiary with loss of control have to be fair valued at the disposal date and included in the computation of the gain or loss on disposal.

Following this transaction, the cash consideration of US$236,000,000 was recognised as consideration receivable in Note 21, the remaining shareholding have been fair valued at US$28,000,000 and recognised as investment in associate in Note 18, a cash and cash equivalents disposed due to de-consolidation of US$6,174,000 (cash and equivalents of GDS derecognised at disposal date) is presented under the consolidated statement of cash flows, and a gain on disposal of subsidiary of US$157,205,000 is recognised in other income.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

17G. Disposal of subsidiary in 2020 (cont'd)

	Group	
	US$'000	US$'000
Cash consideration		236,000
Remaining shareholding at fair value		28,000
		264,000
Net assets of GDS at disposal date:		
Property, plant and equipment	67,707	
Right-of-use assets	9,026	
Intangible assets	1,323	
Biological assets	35,440	
Deferred tax assets	339	
Inventories	17,821	
Trade and other receivables	25,222	
Cash and cash equivalents	6,174	
Other assets	6,845	
Defined benefit plan liabilities	(3,544)	
Deferred tax liability	(1,433)	
Trade and other payables	(22,281)	
Tax payable	(551)	
Loan and borrowings	(53,039)	
Lease liabilities	(580)	
Net assets of GDS derecognised		(88,469)
		175,531
Realisation of currency translation reserve upon disposal		(18,326)
Gain on disposal of subsidiary		157,205

The following table list the inputs to the models used to measure the fair value of the remaining shareholding at disposal date:

Discount rate	11.6%
Terminal growth rate	1.4%
Model used	Discounted Cash flow

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. INVESTMENTS IN ASSOCIATE AND JOINT VENTURES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Unquoted equity shares, at cost				
Interest in associate	**28,000**	–	**28,000**	–
Interest in joint ventures	**5,757**	6,483	**–**	–
	33,757	6,483	**28,000**	–

The joint ventures are not considered material to the Group.

The listing of and information on associate and joint ventures is given below:

Name of associate and joint ventures and principal activities (and independent auditor)	Country of incorporation	Effective equity held by the Group 2020 %	2019 %
(i) Details of associate			
Held by the Company:			
Greenfields Dairy Singapore Pte Ltd [(a) (c)] Production, trading, wholesale and distribution of milk	Singapore	**20**	–
(ii) Details of joint ventures			
Held through JCIPL:			
Central India Poultry Breeders Private Limited [(b) (d)] Animal feed production and poultry	India	**–**	50
Held through SGF:			
PT Intan Kenkomayo Indonesia [(a)] Production and sales of mayonnaise and dressing sauce products	Indonesia	**51**	51
PT Cahaya Gunung Foods [(a)] Production and sales of fully cooked poultry product	Indonesia	**40**	40
Held through PT Suri Tani Pemuka			
PT Kona Bay Indonesia [(e)] Own and operate a shrimp Broodstock Multiplication Centre	Indonesia	**49**	–

(a) Audited by member firms of EY Global in the respective countries.
(b) Audited by firms of accountants other than member firms of EY Global.
(c) On 6 December 2020, the Company entered into a share purchase agreement that will, upon completion, result in the effective disposal by the Company of 80% of the shareholding in its wholly-owned subsidiary, GDS. Following this transaction, the Company's effective ownership in GDS decreased to 20%. Also see Note 17G.
(d) On 12 February 2020, JCIPL entered into a share purchase agreement to dispose its entire (50%) shareholding in Central India Poultry Breeders Pvt Ltd.
(e) Newly incorporated company and has yet to appoint auditors.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. INVESTMENTS IN ASSOCIATE AND JOINT VENTURES (CONT'D)

The summarised financial information of the associate Greenfields Dairy Singapore Pte Ltd (and not the Group's share of those amounts), based on the financial statements of the associate are as follows:

	2020 US$'000
Summarised statement of financial position	
Current assets	54,805
Includes:	
Cash and cash equivalents	6,174
Non-current assets	115,091
Current liabilities	(49,107)
Non-current liabilities	(32,320)
Non-current financial liabilities	(26,887)
Summarised statement of comprehensive income	
Revenue	108,996
Profit for the year	6,247
Total comprehensive income	4,037
Depreciation and amortisation	(7,783)
Interest income	10
Interest expense	(5,592)
Income tax credit	154
Reconciliation:	
Net assets of the associate	88,468
Group's share of net assets of the associate	17,694
Goodwill	10,306
Carrying amount of the interest in the joint ventures	28,000

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. INVESTMENTS IN ASSOCIATE AND JOINT VENTURES (CONT'D)

As of 31 December 2020, and 31 December 2019, no joint venture was individually material to the Group. The summarised financial information of the joint ventures (and not the Group's share of those amounts) based on the financial statements of the joint ventures are as follows:

	2020 US$'000	2019 US$'000
Summarised statement of financial position		
Current assets	**10,261**	12,903
Includes:		
Cash and cash equivalents	**3,030**	2,820
Non-current assets	**11,301**	7,554
Current liabilities	**(2,141)**	(3,678)
Non-current liabilities	**(8,609)**	(3,776)
Summarised statement of comprehensive income		
Revenue	**13,548**	20,372
Profit for the year	**158**	1,365
Total comprehensive income	**189**	1,357
Depreciation and amortisation	**(782)**	(903)
Interest income	**45**	44
Interest expense	**(407)**	(366)
Income tax expense	**(273)**	(353)
Reconciliation:		
Net assets of the joint ventures	**10,812**	13,003
Group's share of net assets of the joint ventures	**4,749**	5,865
Goodwill	**1,008**	618
Carrying amount of the interest in the joint ventures	**5,757**	6,483

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. BIOLOGICAL ASSETS

	Group 2020 US$'000	Group 2019 US$'000
Breeding chickens	**97,973**	98,841
Breeding cattle	**7,674**	11,241
Breeding swine	**40,552**	26,441
Dairy cows	**369,948**	348,564
Forage and plantation	**167**	170
	516,314	485,257
Fattening livestock	**188,853**	196,042
	705,167	681,299
Presented as:		
Biological assets, current	**97,973**	98,841
Biological assets, non-current	**418,341**	386,416
Biological assets presented as Inventories (Note 24)	**188,853**	196,042
	705,167	681,299

Movement in biological assets:

	US$'000
At 1 January 2019	609,080
Net additions	66,269
Changes in fair value	2,079
Foreign exchange adjustments	3,871
At 31 December 2019 and 1 January 2020	681,299
Net additions	29,808
Disposal of a subsidiary	(35,440)
Changes in fair value	(10,963)
Fair value gain arising from sales of beef	18,018
Foreign exchange adjustments	22,445
At 31 December 2020	705,167

The Group's biological assets with carrying amount of US$397.1 million (2019: US$367.1 million) are pledged as security for banking facilities (Note 30A).

20. REAL ESTATE ASSETS

The real estate assets are lands held for development for future business expansion in Indonesia.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Non-current:				
Other receivables:				
Third parties	**1,524**	1,369	**–**	–
Joint venture	**–**	305	**–**	–
Investee company	**16,407**	13,151	**–**	–
Total	**17,931**	14,825	**–**	–
Current:				
Trade receivables:				
Third parties	**184,884**	219,613	**–**	–
Joint venture	**670**	1,644	**–**	–
Related party	**1,322**	–	**–**	–
Less: Allowance for impairment	**(9,626)**	(7,380)	**–**	–
	177,250	213,877	**–**	–
Other receivables:				
Third parties	**9,241**	12,004	**177**	164
Associate	**8,221**	–	**8,205**	–
Consideration receivable (Note 17G)	**236,000**	–	**236,000**	–
Subsidiaries	**–**	–	**31,923**	18,866
	253,462	12,004	**276,305**	19,030
Total trade and other receivables, current	**430,712**	225,881	**276,305**	19,030
Total trade and other receivables	**448,643**	240,706	**276,305**	19,030
Add: Cash at banks (Note 25)	**224,686**	208,743	**9,676**	17,676
Add: Deposits to secure services (Note 23)	**3,949**	1,871	**–**	–
Total financial assets carried at amortised cost	**677,278**	451,320	**285,981**	36,706

Trade receivables are non-interest bearing and are generally on average credit period of 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Other receivables due from an investee company is an unsecured loan, amounting to US$16.4 million (2019: US$13.2 million), which bears interest ranging from 1.55% to 3.75% (2019: 1.55% to 1.85%) per annum and are repayable upon demand. These amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables due from a joint venture was an unsecured loan, which had no fixed terms of repayment and bears interest at 13.25% per annum.

Other receivables from subsidiaries and associate are unsecured. Other receivables from subsidiaries and associate of US$29.3 million (2019: US$13.4 million) and US$8.0 million (2019: Nil) bear interest ranging from 3.75% to 5.20% (2019: 4.41% to 6.83%) per annum and is repayable on demand. The remaining other receivables from subsidiaries are interest free and repayable on demand.

The Group's trade receivables with carrying amount of US$155.2 million (2019: US$128.4 million) are pledged as security for banking facilities (Note 30A).

Expected credit losses

The movement in allowance for ECL of trade receivables computed based on lifetime ECL as at 31 December are as follows:

	Group	
	2020 US$'000	**2019 US$'000**
At 1 January	**7,380**	4,330
Charged to statement of comprehensive income	**3,023**	4,167
Disposal of a subsidiary	**(249)**	–
Bad debts written-off	**(528)**	(1,348)
Foreign exchange adjustments	**–**	231
At 31 December	**9,626**	7,380

Summarised below is the information about the credit risk exposure on the Group's trade receivables grouped by age past due:

Group	2020		2019	
	Gross carrying amount US$'000	**Loss allowance provision US$'000**	**Gross carrying amount US$'000**	**Loss allowance provision US$'000**
Not past due	**129,555**	–	**155,382**	–
Less than 60 days	**22,449**	24	**45,376**	95
61 to 90 days	**3,285**	–	**3,337**	39
91 to 120 days	**3,220**	158	**2,157**	666
Over 120 days	**28,367**	9,445	**15,005**	6,580
Total	**186,876**	9,627	**221,257**	7,380

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22. OTHER FINANCIAL ASSETS

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Unquoted investments (Note 22A)	**7,368**	8,113	**2,404**	2,404
Derivative financial assets (Note 22B)	**15,882**	13,174	**–**	–
	23,250	21,287	**2,404**	2,404
Presented as:				
Other financial assets, current	**2,515**	2,488	**2,404**	2,404
Other financial assets, non-current	**20,735**	18,799	**–**	–
	23,250	21,287	**2,404**	2,404

22A. Unquoted investments

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Unquoted equity shares, at fair value	**7,368**	8,113	**2,404**	2,404

Unquoted equity shares, at fair value, represent total financial assets carried at fair value through other comprehensive income

The unquoted investments relate to equity shares of entities in Singapore, Indonesia and China.

22B. Derivative financial instruments

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Interest rate swap contracts	**(326)**	(2,742)	**–**	(2,766)
Foreign currency forward and option contracts	**7,396**	9,085	**–**	–
	7,070	6,343	**–**	(2,766)
Presented as:				
Derivative financial assets (Note 22)	**15,882**	13,174	**–**	–
Derivative financial liabilities (Note 32)	**(8,812)**	(6,831)	**–**	(2,766)
	7,070	6,343	**–**	(2,766)

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22. OTHER FINANCIAL ASSETS (CONT'D)

22B. Derivative financial instruments (cont'd)

	Group			
	2020		2019	
	Notional amount US$'000	Assets/ (liabilities) US$'000	Notional amount US$'000	Assets/ (liabilities) US$'000
Foreign currency forward and option contracts	**763,036**	**7,396**	518,435	9,085
Interest rate swap contracts	**35,900**	**(326)**	346,833	(2,742)
		7,070		6,343

	Company			
	2020		2019	
	Notional amount US$'000	Assets/ (liabilities) US$'000	Notional amount US$'000	Assets/ (liabilities) US$'000
Interest rate swap contracts	–	–	253,000	(2,766)

Foreign currency forward and option contracts

Forward currency contracts are used to hedge foreign currency risk arising from the Group's bank loans and bonds denominated in USD for which firm commitments existed at the reporting year end.

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique includes forward pricing model, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates (Level 2).

Interest rate swap contracts

In 2016, the Group entered into interest rate swap contracts used to hedge interest rate risk arising from floating rate USD long-term bank loans. The interest rate swap received floating interest rate equal to 3-month LIBOR per annum and pays a fixed rate of 1.685% per annum. The interest rate swap will mature on 14 September 2021.

In 2018, the Company entered into interest rate swap contracts used to hedge interest rate risk arising from floating rate USD long-term bank loans. The interest rate swap received floating interest rate equal to 3-month LIBOR per annum and pays a fixed rate of 2.71% per annum for Cooperative Rabobank U.A, 2.705% per annum for Credit Suisse AG and 2.66% per annum for DBS. The interest rate swaps have been terminated during the year.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique includes swap model using present value calculations. The model incorporates various inputs including interest rate curves and forward rate curves (Level 2).

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. OTHER ASSETS

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Non-current:				
Deposits to secure services	**3,949**	1,871	**–**	–
Deferred charges	**2,920**	3,026	**–**	–
Advances*	**31,813**	35,011	**–**	–
Tax recoverable	**20,659**	39,037	**–**	–
Others	**2,821**	21	**–**	–
	62,162	78,966	**–**	–
Current:				
Advances**	**39,540**	34,063	**4**	4
Prepayments	**21,096**	19,381	**2,586**	2,020
	60,636	53,444	**2,790**	2,024

* Non-current advances are advances for purchase of fixed assets for land, building and machinery amounting.

** Included in the current advances are advances to suppliers of US$27.5 million (2019: US$27.5 million), advances to staff of US$0.4 million (2019: US$0.4 million) and others of US$6.2 million (2019: US$6.2 million).

24. INVENTORIES

	Group	
	2020 US$'000	2019 US$'000
Finished goods	**92,767**	96,825
Work in process	**4,882**	10,143
Raw materials	**449,039**	432,980
Consumables	**52,396**	58,762
	599,084	598,710
Biological assets presented under inventories (Note 19)	**188,853**	196,042
	787,937	794,752

The cost of inventories recognised as an expense in cost of sales were US$3.0 billion (2019: US$3.0 billion). This includes an inventory write down of US$0.1 million in 2020 (2019: US$0.8 million).

The Group's inventories with carrying amount of US$158.8 million (2019: US$134.5 million) are pledged as security for banking facilities (Note 30A).

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. CASH AT BANKS

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Cash and bank balances	**171,477**	173,378	**9,676**	17,676
Short term bank deposits	**50,380**	31,921	**–**	–
Cash pledged for bank facilities	**2,829**	3,444	**–**	–
	224,686	208,743	**9,676**	17,676

The short term bank deposits bear interest ranging from 0.45% to 6.5% (2019: 4.75% to 7.30%) per annum.

25A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2020 US$'000	2019 US$'000
Amount as shown above	**224,686**	208,743
Cash pledged for bank facilities (Note 30A)	**(2,829)**	(3,444)
Cash and cash equivalents in consolidated statement of cash flows	**221,857**	205,299

25B. Non–cash transactions

The net cash incurred for the purchase of property, plant and equipment is as follows:

	Group	
	2020 US$'000	2019 US$'000
Additions of property, plant and equipment (Note 13)	**221,754**	276,561
Less: Net movements in liability for purchase/construction of plant and equipment (Note 29)	**(10,133)**	627
Purchase of property, plant and equipment in consolidated statement of cash flows	**211,621**	277,188

26. SHARE CAPITAL AND TREASURY SHARES

26A. Share capital

	Group and Company			
	2020		2019	
	Number of shares issued '000	Share capital US$'000	Number of shares issued '000	Share capital US$'000
<u>**Issued and fully paid ordinary shares:**</u>				
At 1 January	**1,881,089**	**993,178**	1,859,525	980,946
Issuance of new ordinary shares arising from the rights issue	**186,334**	**66,704**	–	–
Issue of shares under Performance Share Plan (Note 27E)	**–**	**–**	21,564	12,232
At 31 December	**2,067,423**	**1,059,882**	1,881,089	993,178

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

During 2020, the Company issued new ordinary shares pursuant to a rights issue on the basis of one (1) rights shares for every ten (10) existing ordinary shares in the capital of the Company at an issued price of S$0.50 per rights share.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

26B. Treasury shares

	Group and Company			
	2020		2019	
	Number of shares '000	Amount US$'000	Number of shares '000	Amount US$'000
At 1 January	**17,751**	**7,620**	14,071	5,926
Acquired of shares	**23,587**	**15,266**	3,680	1,694
At 31 December	**41,338**	**22,886**	17,751	7,620

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 23,587,400 (2019: 3,679,500) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was US$15.3 million (2019: US$1.7 million) and this was presented as a component within shareholders' equity.

27. OTHER RESERVES AND TRANSLATION RESERVE

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
General reserve (Note 27A)	**19,139**	19,139	**–**	–
Capital reserve (Note 27B)	**(290,253)**	(502,542)	**(7,648)**	(7,648)
Statutory reserve (Note 27C)	**54,374**	37,305	**–**	–
Share appreciation reserve (Note 27D)	**1,559**	3,452	**–**	–
Performance share plan reserve (Note 27E)	**10,628**	3,249	**7,822**	3,249
Fair value reserve (Note 27F)	**(6,107)**	(6,107)	**–**	–
Equity reserve (Note 27G)	**(9,226)**	(9,226)	**(9,226)**	(9,226)
Cash flow hedge reserve	**36**	–	**–**	–
Other reserves	**(219,850)**	(454,730)	**(9,052)**	(13,625)
Translation reserve (Note 27H)	**(167,666)**	(213,975)	**–**	–
Total	**(387,516)**	(668,705)	**(9,052)**	(13,625)

27A. General reserve

The general reserve relates mainly to revaluation surplus attributed to the initial interest held in PT Japfa Comfeed Indonesia Tbk.

27B. Capital reserve

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
At 1 January	**(502,542)**	(502,369)	**(7,648)**	(7,648)
Reserve arising from changes in non-controlling interests without change in control	**121,634**	(173)	**–**	–
Effect of Group's restructuring between entities of non-controlling	**19,374**	–	**–**	–
Acquisition of non-controlling interest without change in control	**(6,186)**	–	**–**	–
Reclass to retained earnings [(a)]	**77,467**	–	**–**	–
At 31 December	**(290,253)**	(502,542)	**(7,648)**	(7,648)

(a) In December 2020, the Company disposed a subsidiary, Greenfields Dairy Singapore Pte Ltd to an unrelated company. Accordingly, the capital reserve relates to Greenfields Dairy Singapore Pte Ltd of US$77,467,000 were reclassed to retained earnings.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. OTHER RESERVES (CONT'D)

27B. Capital reserve (cont'd)

The capital reserve arises from the acquisitions or disposals of non-controlling interests in subsidiaries without change in control and from the effects of business combination between entities under common control.

In accounting for common control business acquisition, financial statement items of the combining entities for the reporting period in which the common control combination occurs, and for the comparative periods disclosed, are included in the consolidated financial statements of the Group as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties. The share capital of the combining entities has been reclassified to capital reserve in the consolidated financial statements of the Group.

27C. Statutory reserve

	Group	
	2020 US$'000	2019 US$'000
At 1 January	**37,305**	28,174
Transfer from retained earnings	**17,069**	9,131
At 31 December	**54,374**	37,305

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a statutory reserve. At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to a statutory reserve until the cumulative total of the statutory reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders.

27D. Share appreciation reserve

During the financial year, the plan committee ("AIH Plan Committee") of AustAsia Investment Holdings Pte Ltd, a 75% owned subsidiary of the Company, ("AIH" and together with its subsidiaries, the "AustAsia Group"), modified the terms of AIH's outstanding awards, including a conditional right for holders of these awards to opt for cash settlement exercisable over a certain period. Settlement will be in AIH shares in the event AIH successfully IPOs by the date of settlement.

The cash settlement component is valued at modification date with the cumulative amount credited to liability and debited to share appreciation reserve. The liability component is fair valued at each balance sheet date and recognised as share appreciation liability in Note 29.

<u>Outstanding number and movements during the year</u>

The following table illustrates the outstanding number and weighted average exercise prices ("WAEP") of, and movements during the financial year:

	2020		2019	
	Number	WAEP US$/Share	Number	WAEP US$/Share
Outstanding at 1 January	**4,339,230**	**1.42**	4,339,230	1.42
Forfeited	**(50,000)**		–	
Outstanding at 31 December	**4,289,230**	**1.42**	4,339,230	1.42

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. OTHER RESERVES (CONT'D)

27D. Share appreciation reserve (cont'd)

The following table list the inputs to the models used to measure the fair value of the plan at the reporting period ended:

	2020
Terminal growth rate	3%
Discount rate (%)	12%
Model used	Discounted Cash flow

The expense recognised for employee services received during the year pursuant to share appreciation plan is US$610,000 (2019: US$943,000).

27E. Performance share plan reserve

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Japfa Performance Share Plan reserve	**7,822**	3,249	**7,822**	3,249
AIH Performance Share Plan reserve	**2,806**	–	**–**	–
	10,628	3,249	**7,822**	3,249

Japfa Performance Share Plan

The Company has a share scheme known as the "Japfa Performance Share Plan" (the "Japfa Ltd PSP"). The Japfa Ltd PSP, which forms an integral component of its compensation plan and is designed to foster an ownership culture within the Group which aligns the interests of the participants with interests of the shareholders of the Company. It provides an opportunity to motivate participants to achieve the Group's key financial and operational goals and makes total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Group's ambition.

Under the rules of the Japfa Ltd PSP, the directors and employees of the Group who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee of the Company from time to time are eligible to participate in the Japfa Ltd PSP. Controlling shareholders or their associates are also eligible to participate in the Japfa Ltd PSP subject to the approval of independent shareholders in the form of separate resolutions for each participant and each award granted.

The Remuneration Committee administers the Japfa Ltd PSP in accordance with the rules of the Japfa Ltd PSP. The number of shares to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank, performance, seniority, potential for future development and length of service of the participant provided that:

(a) the total number of shares which may be offered during the entire operation of the Japfa Ltd PSP (including adjustments under the rules) shall not exceed 15% of the shares of the total number of issued shares of the Company (excluding shares held by the Company as treasury shares);

(b) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the Japfa Ltd PSP (including adjustments under the rules) shall not exceed 25% of the shares in respect of which the Company may grant under the Japfa Ltd PSP; and

(c) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the Japfa Ltd PSP shall not exceed 10% of the shares in respect of which the Company may grant under the Japfa Ltd PSP.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. OTHER RESERVES (CONT'D)

27E. Performance share plan reserve (cont'd)

The Japfa Ltd PSP shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on 23 July 2014, provided always that the Japfa Ltd PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Conditional share awards granted under Japfa Ltd PSP on 27 December 2018

On 27 December 2018, pursuant to Japfa Ltd PSP, the Company granted a share awards of 18,039,200 shares, subject to certain condition being met, to the executive directors and employees of the Group.

The ordinary shares which are the subject of the awards granted on 27 December 2018 above will only vest on the achievement of pre–determined conditions within a two-year period from the date of grant. No award will vest if the pre–determined conditions are not met within the period. The fair value of awards granted are determined using Monte Carlo Simulation Model and the expense are recognised over the vesting period.

During the financial year, the pre-determined conditions and the performance period have been modified by the Remuneration Committee.

Conditional share awards granted under Japfa Ltd PSP on 29 February 2020

On 29 February 2020, pursuant to Japfa Ltd PSP, the Company granted a share awards of 4,362,500 shares, subject to certain condition being met, to the executive directors and employees of the Group.

The ordinary shares which are the subject of the awards granted on 29 February 2020 above is based on 100% of the grant. The shares awarded on the vesting date could range from 0% to 200%, depending on the level of achievement against pre-set performance conditions within the performance period. The fair value of awards granted are determined using Monte Carlo Simulation Model and the expense are recognised over the vesting period.

Outstanding number and movements during the year

The following table illustrates the outstanding number of, and movements during the financial year:

	2020 Number	2019 Number
Outstanding at 1 January	**18,039,200**	39,314,200
Granted during the year	**4,362,500**	288,900
Vested during the year	**–**	(21,563,900)
Outstanding at 31 December	**22,401,700**	18,039,200

The expense recognised for employee services received during the year pursuant to Japfa Ltd PSP plan is US$4,573,000 (2019: US$4,799,000).

AIH Performance Share Plan

During the financial year, AIH implemented "the AIH Performance Share Plan" (the "AIH PSP"). The purpose of AIH PSP is to, inter alia, foster an ownership culture within the AustAsia Group which aligns the interests of executives and employees of the AustAsia Group with the interests of its shareholders and to motivate participants in the AIH PSP to achieve key financial and operational goals of AIH and/or its respective business units.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. OTHER RESERVES (CONT'D)

27E. Performance share plan reserve (cont'd)

AIH Performance Share Plan (cont'd)

Under the rules of the AIH PSP, the directors and employees of the AustAsia Group who have met the relevant criteria set out in the AIH PSP or by the AIH Plan Committee, are eligible to participate in the AIH PSP. Controlling shareholders (and their associates) of the Company are also eligible to participate in the AIH PSP provided that their participation and actual or maximum number of shares in AIH and terms of any award to be granted to them under the AIH PSP have been duly approved by independent shareholders of the Company.

The AIH Plan Committee administers the AIH PSP in accordance with the rules of the AIH PSP. The number of shares to be offered to a participant shall be determined at the discretion of the AIH Plan Committee who shall take into account criteria such as the rank, performance, seniority, potential for future development and length of service of the participant provided that:

(a) the total number of shares which may be offered during the entire operation of the AIH PSP (including adjustments under the rules) shall not exceed 5% of the total number of issued shares in AIH (excluding shares held by AIH in treasury) on the day preceding the date of the award granted under the AIH PSP;

(b) the aggregate number of shares in AIH which may be issued or transferred pursuant to awards granted to controlling shareholders (and their associates) of the Company under the AIH PSP on any date shall not exceed 25% of the total number of shares in AIH available under the AIH PSP; and

(c) the number of shares in AIH which may be issued or transferred pursuant to awards to each such participant shall not exceed 10% of the shares in AIH available under the AIH PSP.

The AIH PSP shall continue in effect for a term of five (5) years, provided always that the AIH PSP may continue beyond the above stipulated period with the approval of the shareholders of AIH.

<u>Conditional share awards granted under AIH PSP on 3 July 2020</u>

During the year, AIH granted a share awards of 9,318,600 shares, subject to certain condition being met, to the executive directors and employees of the Group. The number of share awards was misstated as 9,500,000 shares in the Company announcement on 3 July 2020.

The ordinary shares which are the subject of the said awards are based on 100% of the grant. The shares awarded on the vesting date could range from 0% to 200%, depending on the achievement of pre-determined conditions within specified periods. Settlement will be in cash unless AIH has achieved an IPO by the date of settlement, in which event settlement will be in AIH shares. The upper limit of this range was misstated as 108% in the Company's announcement on 3 July 2020.

For equity-settled component, the fair value of the share awards are based on the fair value of the AIH's equity determined at the grant date and are recognised as expense over the performance period. The equity-settled component referring to this right is recognised as AIH performance share plan reserve in Note 27.

For liability-settled component, the fair value of the share awards are initially based on the fair value of the AIH's equity determined at the grant date. The fair value are subsequently remeasured based on the fair value of the AIH's equity at each balance sheet date, and recognised as expense over the performance period. The liability-settled component referring to this right is recognised as AIH performance share plan liability in Note 29.

The following table list the inputs to the models used to measure the fair value of the plan at grant date:

	2020
Terminal growth rate	3%
Discount rate (%)	12%
Model used	Discounted Cash flow

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. OTHER RESERVES (CONT'D)

27E. Performance share plan reserve (cont'd)

Outstanding number and movements during the year

The following table illustrates the outstanding number of, and movements during the financial year:

	2020 Number	2019 Number
Outstanding at 1 January	–	–
Granted during the year	9,318,600	–
Outstanding at 31 December	9,318,600	–

The expense recognised for employee services received during the year pursuant to AIH PSP plan is US$3,743,000 (2019: Nil).

PT Japfa Performance Share Plan

In 2017, PT Japfa Comfeed Indonesia Tbk ("PT Japfa" and together with its subsidiaries, the "PT Japfa Group"), a 54.5% owned principal subsidiary of the Company, implemented "the PT Japfa Performance Share Plan" (the "PT Japfa PSP"). The purpose of PT Japfa PSP is to, inter alia, foster an ownership culture within the PT Japfa Group which aligns the interests of executives and employees of the PT Japfa Group with the interests of its shareholders and to motivate participants in the PT Japfa PSP to achieve key financial and operational goals of PT Japfa and/or its respective business units.

Under the rules of the PT Japfa PSP, the directors and employees of PT Japfa Group who have attained the age of 21 years and have met the relevant criteria set out in the PT Japfa PSP are eligible to participate in the PT Japfa PSP. Controlling shareholders or their associates are also eligible to participate in the PT Japfa PSP subject to the approval of independent shareholders in the form of separate resolutions for each participant and each award granted.

The Nomination and Remuneration Committee of PT Japfa Tbk ("PT Japfa Remuneration Committee") administer the PT Japfa PSP in accordance with the rules of the PT Japfa PSP. The number of shares to be offered to a participant shall be determined at the discretion of the PT Japfa Remuneration Committee who shall take into account criteria such as the rank, performance, seniority, potential for future development and length of service of the participants provided that:

(a) the total number of shares which may be offered during the entire operation of the PT Japfa PSP (including adjustments under the rules) shall not exceed 10% of the total number of issued shares in PT Japfa (excluding shares held by PT Japfa in treasury) from time to time, provided always that no issuance or transfer or shares under the PT Japfa PSP or any other share option schemes or share plans of PT Japfa shall result in PT Japfa ceasing to be a subsidiary of the Company;

(b) the aggregate number of shares which may be issued or transferred pursuant to awards under the PT Japfa PSP to participants who are controlling shareholders of the Company and their associates shall not exceed 25% of the shares available under the PT Japfa PSP; and

(c) the number of shares which may be issued or transferred pursuant to awards under the PT Japfa PSP to each participant who is a controlling shareholder of the Company or their associate shall not exceed 10% of the shares available under the PT Japfa PSP.

The PT Japfa PSP shall continue in force until 22 July 2024, unless earlier terminated at the discretion of the PT Japfa Remuneration Committee. Notwithstanding the expiry or termination of the PT Japfa PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. OTHER RESERVES (CONT'D)

27E. Performance share plan reserve (cont'd)

Share awards granted under PT Japfa PSP on 1 March 2019

On 1 March 2019, pursuant to PT Japfa PSP, PT Japfa granted and transferred 2,036,800 treasury shares of PT Japfa to the employees of the Group.

No outstanding number of share awards as at 31 December 2020 and 31 December 2019.

The expense recognised for employee services received during the year pursuant to the PT Japfa PSP plan is Nil (2019: US$382,000).

27F. Fair value reserve

	Group	
	2020 US$'000	2019 US$'000
At 1 January	**(6,107)**	–
Changes in fair value recognised in other comprehensive income	**–**	(6,107)
At 31 December	**(6,107)**	(6,107)

Fair value reserve represents the present value changes recognised for the Group's equity investment for which the Group has elected to present the value changes in other comprehensive income.

27G. Equity reserve

The equity reserve relates mainly to difference in value arising from issuance of shares by the Company under performance share plan.

27H. Translation reserve

	Group	
	2020 US$'000	2019 US$'000
At 1 January	**(213,975)**	(226,263)
Exchange differences on translating foreign operations	**27,983**	12,288
Realisation of translation reserve upon disposal of a subsidiary	**18,326**	–
At 31 December	**(167,666)**	(213,975)

The translation reserve represents exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from presentation currency of the Group.

28. DEFINED BENEFIT PLAN LIABILITIES

	Group	
	2020 US$'000	2019 US$'000
Present value of unfunded defined benefit	**136,809**	119,071
Fair value of plan assets	**(15,863)**	(20,295)
Defined benefit plan liabilities	**120,946**	98,776

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Indonesia, in accordance with Indonesian Labour Laws. Amounts are determined based on years of service and salaries of the employees at the time of the pension.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. DEFINED BENEFIT PLAN LIABILITIES (CONT'D)

The cost of providing defined benefit plan liabilities was calculated based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary. The principal actuarial assumptions used for the purpose of the actuarial valuation at 31 December 2020 and 2019 were as follows:

	2020	2019
Discount rate:	6.40% - 7.05%	7.75% - 8.00%
Withdrawal/resignation rate:	10% at age of 25 and decreasing linearly to 0% at age 45 and thereafter	10% at age of 25 and decreasing linearly to 0% at age 45 and thereafter
Expected rate of salary increases:	7.00% - 9.00%	7.00% - 10.00%
Expected rate of mortality rate:	Based on Indonesian Mortality Table (TMI–4) – 2019	Based on Indonesian Mortality Table (TMI–III) – 2011

Movements of the defined benefit plan liabilities recognised in statement of financial position are as follows:

	Group	
	2020 US$'000	2019 US$'000
At 1 January	**98,776**	85,386
Net benefit expense recognised in statement of comprehensive income (Note 10)	**16,589**	16,601
Re-measurement loss included in other comprehensive income	**14,725**	2,978
Contributions to plan made	**(4,472)**	(7,075)
Payments for the year	**(851)**	(2,969)
Disposal of subsidiaries	**(3,544)**	3,855
Others	**(277)**	–
At 31 December	**120,946**	98,776

Net benefit expense recognised in statement of comprehensive income under administrative expenses is as follows:

Service costs	**9,049**	9,114
Past service costs and gain from settlements	**(320)**	(1,693)
Interest cost	**7,597**	7,330
Excess benefit paid by Indonesian subsidiaries to employees	**21**	1,763
Immediate adjustment	**242**	44
Actuarial losses arising from changes in actuarial assumptions	**–**	43
	16,589	16,601

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. DEFINED BENEFIT PLAN LIABILITIES (CONT'D)

Re-measurement loss included in other comprehensive income is as follows:

	Group	
	2020 US$'000	2019 US$'000
Re-measurement loss as above	**14,725**	2,978
Income tax effect	**(2,846)**	(695)
Re-measurement of the net defined benefits plan, net of tax	**11,879**	2,283

Movements in the fair value of the plan assets are as follows:

	Group	
	2020 US$'000	2019 US$'000
Balance at beginning of the year	**20,295**	20,465
Interest income	**1,435**	1,517
Return on plan assets (excluding amounts included in net interest expense)	**(433)**	(79)
Contributions from the employer	**4,451**	6,838
Benefits paid	**(10,194)**	(9,325)
Foreign exchange adjustments	**309**	879
Balance at end of the year	**15,863**	20,295

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit plan liabilities as of the end of the reporting period, assuming if all other assumptions were held constant:

	2020		2019	
Group	Increase/ (decrease)	Change in present value of defined benefit plan liabilities US$'000	Increase/ (decrease)	Change in present value of defined benefit plan liabilities US$'000
Discount rate	**+1%**	**(8,520)**	+1%	(8,133)
	–1%	**13,393**	–1%	10,628
Salary increase rate	**+1%**	**13,156**	+1%	10,571
	–1%	**(8,559)**	–1%	(8,273)

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Trade payables:				
Third parties	**175,100**	232,652	**1**	6
Joint venture	**–**	321	**–**	–
	175,100	232,973	**1**	6
Other payables:				
Third parties and accrued expenses	**162,831**	147,513	**27,021**	8,142
Subsidiary	**–**	–	**26,426**	–
Share appreciation liabilities (Note 27D)	**2,576**	–	**–**	–
AIH performance share plan liabilities (Note 27E)	**937**	–	**–**	–
Payable for purchase/ construction of plant and equipment	**19,998**	9,865	**–**	–
	186,342	157,378	**53,447**	8,142
Total	**361,442**	390,351	**53,448**	8,148
Presented as:				
Trade and other payables, current	**358,438**	389,871	**52,748**	8,148
Trade and other payables, non-current	**3,004**	480	**700**	–
	361,442	390,351	**53,448**	8,148
Trade and other payables, as above	**361,442**	390,351	**52,748**	8,148
- Loans and borrowings (Note 30)	**1,001,112**	1,376,918	**78,687**	332,168
- Lease liabilities (Note 31)	**163,017**	105,519	**31**	549
Total financial liabilities carried at amortised cost	**1,525,571**	1,872,788	**131,466**	340,865

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60 day terms while other payables have an average term of six months.

Other payables to subsidiary are unsecured, non-interest bearing and repayable on demand.

Included in payables for purchase/construction of plant and equipment amounting to US$17.2 million (2019: US$7.8 million) pertain to progressive billings from suppliers for the construction of building offices, infrastructure and cowsheds.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. LOANS AND BORROWINGS

	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current:				
Floating interest rate financial instruments:				
Bank loans (Note 30A)	**250,653**	465,061	**–**	252,768
Fixed interest rate financial instruments:				
Bonds payable (Note 30C)	**318,448**	328,308	**–**	–
Non-current, total	**569,101**	793,369	**–**	252,768
Current:				
Floating interest rate financial instruments:				
Bank loans (Note 30A)	**421,418**	583,549	**78,687**	79,400
Fixed interest rate financial instruments:				
Bonds payable (Note 30B)	**10,593**	–	**–**	–
Current, total	**432,011**	583,549	**78,687**	79,400
Total	**1,001,112**	1,376,918	**78,687**	332,168
Range of floating interest rates per annum:	**%**	%	**%**	%
Bank loans	**2.00 – 10.60**	2.53 – 10.10	**2.88 – 3.62**	4.41 – 5.41
Range of fixed interest rates per annum:				
Bonds payable	**5.50 – 9.75**	5.50 – 9.75	**–**	–

30A. Bank loans

The bank loans are secured by property, plant and equipment, share certificates of certain subsidiaries, cash and cash equivalents, trade receivables, inventories, biological assets, assessment of insurance policies and covered corporate guarantees of the Company and its subsidiaries.

The loans are for working capital purposes and repayment of restructured debts. The loan agreements generally include covenants that require the maintenance of certain financial ratios. Any non-compliance with these covenants will result in these loans becoming repayable upon service of notice of default of the lenders.

The fair value (Level 2) of bank loans (secured) totalling US$672.1 million (2019: US$1,048.6 million) that bear floating rates of interest is a reasonable approximation of the carrying amount due to their short-term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

NOTES TO THE FINANCIAL STATEMENT

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30. LOANS AND BORROWINGS (CONT'D)

30B. Bonds payable

	Group 2020 US$'000	Group 2019 US$'000
Bonds payable A	**70,897**	71,937
Bonds payable B	**250,000**	250,000
Bonds payable C	**10,634**	10,790
Less: Unamortised transaction costs	**(2,490)**	(4,419)
	329,041	328,308

Effective interest rates per annum:

	%	%
Bonds payable A	**9.77**	9.77
Bonds payable B	**6.19 – 6.29**	6.19 – 6.29
Bonds payable C	**10.19**	10.19

The fair values of bonds payables are as follows:

	Level	Group 2020 US$'000	Group 2019 US$'000
Bonds payable A	1	**70,744**	71,675
Bonds payable B	1	**247,705**	245,925
Bonds payable C	1	**10,593**	10,708
Fair value at end of the year		**329,042**	328,308

Bonds payable A

In April 2017, PT Japfa, a subsidiary, issued bonds denominated in Indonesia Rupiah ("IDR") with a nominal value of IDR1,000.0 billion. The bonds have terms of 5 years until 21 April 2022. Interest rate is fixed at 9.6% per annum payable quarterly. The subsidiary has an option to redeem the bonds partially or in full, after a year from the issuance date.

Bonds payable B

In March 2017, PT Japfa, a subsidiary, issued 5.5% Senior Notes due 2022 with aggregate principal amount of US$150.0 million, and interest is payable every six months up to 31 March 2022. The Notes are listed on the Singapore Exchange Securities Trading Limited. In June 2017, the subsidiary issued additional 5.5% Senior Notes due 2022 with aggregate principal amount of US$100.0 million, and interest is payable every six months up to 31 March 2022, total 5.5% Senior Notes due 2022 become US$250.0 million.

Bonds payable C

In December 2016, the subsidiary, PT Japfa issued bonds denominated in IDR with a nominal value of IDR850.0 billion and IDR150.0 billion bonds respectively (total nominal value of IDR1,000.0 billion) listed on the Indonesia Stock Exchange. The nominal value of IDR850.0 billion bond is repayable in December 2019 with a fixed interest rate of 9.25% per annum payable quarterly. The nominal value of IDR150.0 billion bond is repayable in December 2021 with a fixed interest rate of 9.75% per annum payable quarterly. PT Japfa has an option to redeem the bonds, partially or in full, after a year from the issuance date.

The nominal value of IDR850.0 billion bond due in December 2019 has been fully repaid in November 2019.

NOTES TO THE FINANCIAL STATEMENT

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30. LOANS AND BORROWINGS (CONT'D)

30B. Bonds payable (cont'd)

Bonds payable C (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	Opening balance US$'000	Cash flows US$'000	Non-cash changes: Amortisation US$'000	Non-cash changes: Disposal of a subsidiary US$'000	Non-cash changes: Foreign exchange movement US$'000	Closing balance US$'000
2020						
Bank loans	**1,048,610**	**(324,564)**	**1,023**	**(53,039)**	**41**	**672,071**
Bonds payable	**328,308**	**–**	**1,799**	**–**	**(1,066)**	**329,041**
Total	**1,376,918**	**(324,564)**	**2,822**	**(53,039)**	**(1,025)**	**1,001,112**
2019						
Bank loans	835,342	209,158	(4,396)	–	8,506	1,048,610
Bonds payable	381,948	(61,147)	2,060	–	5,447	328,308
Total	1,217,290	148,011	(2,336)	–	13,953	1,376,918

31. LEASE LIABILITIES

	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Present value:				
Amounts due for settlement within 12 months	**20,854**	14,224	**31**	519
Amounts due for settlement after 12 months	**142,163**	91,295	**–**	30
	163,017	105,519	**31**	549
Maturity analysis (gross amount):				
Not later than 1 year	**32,008**	21,966	**31**	532
Later than 1 year and not later than 5 years	**90,723**	59,060	**–**	30
Later than 5 years	**151,521**	111,703	**–**	–
	274,252	192,729	**31**	562

The group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored with the Group's treasury function.

The Group had recognised the total expense relating to leases as follows:

	2020 US$'000	2019 US$'000
Depreciation expense on right-of-assets (Note 14)	**24,024**	18,543
Interest expense on lease liabilities	**10,620**	7,632
Expenses relating to short-term leases	**15,542**	14,449
Expenses relating to leases of low value assets	**431**	598
Expenses relating to variable lease contracts	**1,282**	491

At 31 December 2020, the Group is committed to US$0.5 million (2019: U$0.9 million) for short-term leases.

The Group has several lease contracts that include extension options which are expected not to be exercised amounted to US$18.9 million (2019: US$15.1 million).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. LEASE LIABILITIES (CONT'D)

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	Opening balance US$'000	Cash flows US$'000	Disposal of a subsidiary US$'000	Initial application/ addition/ modification US$'000	Foreign exchange movement US$'000	Interest charge US$'000	Closing balance US$'000
2020	**105,519**	**(39,651)**	**(580)**	**83,228**	**3,881**	**10,620**	**163,017**
2019	336	(26,800)	–	124,821	(470)	7,632	105,519

32. OTHER FINANCIAL LIABILITIES

	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Other financial liabilities, non-current	–	4,625	–	2,766
Other financial liabilities, current	8,812	2,206	–	–
Derivative financial liabilities (Note 22B)	8,812	6,831	–	2,766

33. OTHER LIABILITIES

	Group 2020 US$'000	Group 2019 US$'000
Advances received	**11,046**	13,008
Deferred government grants (Note 33A)	**4,131**	3,221
Others	**456**	570
	15,633	16,799
<u>**Presented as:**</u>		
Other liabilities, current	**12,561**	13,600
Other liabilities, non-current	**3,072**	3,199
	15,633	16,799

33A. Deferred government grants

	Group 2020 US$'000	Group 2019 US$'000
At 1 January	**3,221**	3,659
Received during the year	**3,154**	2,184
Released during the year	**(2,458)**	(2,565)
Foreign exchange adjustments	**214**	(57)
At 31 December	**4,131**	3,221

Government grants have been received for the construction of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

34. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

34A. Transaction with the related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group	
	2020 US$'000	2019 US$'000
Revenue	**17,638**	761
Purchases of goods	**17,369**	16,905
Rendering of services expense	**–**	26
Insurance expense	**2,369**	2,063
Royalty fee expense	**557**	–
Rental income	**948**	1,081
Interest income	**260**	242
Rental of premises	**318**	1,940
Rental of boat	**468**	170
Purchase or construction of property, plant and equipment	**–**	698
Consideration paid for shares acquisition	**–**	2,709
Others	**–**	4

Related companies

The related parties are either the joint ventures entities or companies associated with the Executive Deputy Chairman, Mr Handojo Santosa @ Kang Kiem Han and the Non-Executive Director, Mr Hendrick Kolonas.

34B. Compensation of key management personnel of the Group

	Group	
	2020 US$'000	2019 US$'000
Salaries and other short-term employee benefits	**20,059**	17,070
Central Provident Fund contributions	**72**	64
Share-based payments: Performance share plan	**2,454**	4,199
	22,585	21,333
Comprise amounts paid to:		
Directors of the Company	**17,347**	15,782
Other key management personnel	**5,238**	5,551
	22,585	21,333

Directors' interests in performance share plan

Please see Note 27E for the disclosure of shares granted to the Company's executive directors under the Japfa Performance Share Plan ("Japfa PSP").

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

35. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2020 US$'000	2019 US$'000
Construction costs	**19,580**	24,034
Purchase of property, plant and equipment	**6,072**	22,329

36. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of assets/liabilities measured at fair value at the end of the financial year:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant observable inputs other than quoted prices (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
2020				
Assets/(liabilities) measured at fair value				
Financial assets/(liabilities):				
Equity securities at FVOCI (Note 22A)				
Unquoted equity securities	–	–	7,368	7,368
Derivatives (Note 22B)				
Foreign currency forward and option contracts	–	7,396	–	7,396
Interest rate swap contracts	–	(326)	–	(326)
Financial assets as at 31 December 2020	–	7,070	7,368	14,438
Non-financial assets:				
Biological assets (Note 19)	–	–	705,167	705,167
Non-financial assets as at 31 December 2020	–	–	705,167	705,167

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value (cont'd)

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant observable inputs other than quoted prices (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
2019				
Assets/(liabilities) measured at fair value				
Financial assets/(liabilities):				
Equity securities at FVOCI (Note 22A)				
Unquoted equity securities	–	–	8,113	8,113
Derivatives (Note 22B)				
Foreign currency forward and option contracts	–	9,085	–	9,085
Interest rate swap contracts	–	(2,742)	–	(2,742)
Financial assets as at 31 December 2019	–	6,343	8,113	14,456
Non-financial assets:				
Biological assets (Note 19)	–	–	681,299	681,299
Non-financial assets as at 31 December 2019	–	–	681,299	681,299

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Foreign currency forward and option contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value 2020 US$'000	Fair value 2019 US$'000	Valuation techniques	Significant unobservable inputs	Range 2020	Range 2019
Productive breeding cattle	**5,472**	6,384	Market comparable approach	Market-transacted prices determined based on price per head and their weight	US$1,000 to US1,853 per head	US$923 to US3,387 per head
Productive breeding swine	**30,637**	19,875	Market comparable approach	Market-transacted prices determined based on price per head and their weight	US$474 to US$3,426 per head	US$523 to US$3,406 per head
Biological assets – Heifers and calves and beef in China	**139,648**	122,090	Market transactions	Market selling price and feed cost	–	–
Breeding chickens and fattening livestock	**236,949**	257,440	Replacement cost approach	Feed cost	–	–
Milkable cows	**280,177**	263,917	Income approach	Culling rate	10% to 100% depending on lactation period	10% to 100% depending on lactation period

In financial year 2020, the Group's biological assets namely dairy cows was independently valued by Jones Lang LaSalle Sallmanns Limited ("JLL"), firms of independent qualified professional valuers, who have appropriate qualifications and recent experiences in valuation of biological assets.

NOTES TO THE FINANCIAL STATEMENT

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Equity securities at FVOCI

Unquoted equity securities were valued based on the net assets value of the group by recognising the share of profit/losses and discounted cash flow of the investees.

Biological assets

Productive breeding cattle, productive breeding swine, and heifers and calves and beef in China:

The fair value less costs to sell the productive breeding swine and cattle and heifers and calves are determined with reference to the market-determined prices (either derived from sales invoices or from comparable market transactions) of items with similar age, breed and genetic merit, if the market-determined prices are available.

An increase in the estimated market selling price used would result to a higher percentage of increase in the fair value measurement of productive breeding cattle, productive breeding swine and heifers and calves.

Productive breeding chickens and fattening livestock:

The fair value of the productive breeding chickens and fattening livestock are determined with reference to the current replacement cost approach. It is regarded to approximate the carrying amount of biological assets stated at cost less accumulated amortisation and impairment losses.

Milkable cows:

Due to the fact that the market–determined prices of milkable cows are not available, JLL has applied the discounted cash flow approach to calculate the fair value less costs to sell of these items.

A significant increase or decrease in the culling rate based on management's assumptions would result in a significantly lower or higher fair value measurement.

The principal valuation assumptions adopted in applying the discounted cash flow approach are as follows:

- The culling rates adopted are based on the estimated culling rate of the livestock in the forecasted years due to natural or unnatural factors. The culling rates adopted in the PRC are 15%, 20%, 30%, 50%, 60% and 100% (2019: 15%, 20%, 30%, 50%, 60% and 100%) in the first to the sixth lactation cycles.

- The culling rates adopted in Indonesia in 2019 is 10%, 15%, 25%, 35%, 45%, 60% and 100% in the first to the seventh lactation cycles.

- The natural birth rate is determined based on the estimated natural birth rate of the livestock in the forecasted years.

- The discount rate represents the pre-tax discount rate related to the specific risks of the relevant assets group. The discount rates used are 12.0% in PRC (2019: 12.0% in PRC and 17.3% in Indonesia).

- The expected average prices of milk are estimated after taking into account certain percentage growth, future demand and inflation. The expected average prices are US$0.63 per liter (2019: US$0.57 per liter) in the PRC and US$0.49 per liter in Indonesia in 2019.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

- The inflation rate of raw materials is determined based on the estimated inflation index in the raw material sourcing locations in the forecasted years.

- The average milk yield of each cow per day ranges from 33.6kg to 47.0kg (2019: 32.3kg to 49.2kg) in the PRC and 21.6kg to 28.7kg in 2019 in Indonesia during the projected period of six lactation cycles.

- The price of a female calf at about 14 months is based on the most recent transacted market price. The price of a female calf is US$2,912 (2019: US$2,756) in PRC and US$2,065 in 2019 in Indonesia.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the biological assets as of the end of the reporting year, assuming if all other assumptions were held constant:

	Group			
	2020		2019	
	Increase/ (decrease)	Change in present value of biological assets US$'000	Increase/ (decrease)	Change in present value of biological assets US$'000
Discount rate	+1%	(4,131)	+1%	(3,867)
	–1%	4,248	–1%	4,174
Price of productive swine	+1%	306	+1%	199
	–1%	(306)	–1%	(199)
Price of productive cattle	+1%	55	+1%	64
	–1%	(55)	–1%	(64)
Milk price	+1%	5,513	+1%	5,601
	–1%	(5,513)	–1%	(5,601)
Feed cost for mature animals	+1%	(2,699)	+1%	(2,877)
	–1%	2,699	–1%	2,877
Price of female calve at about 14-month age	+1%	745	+1%	778
	–1%	(745)	–1%	(778)

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The reconciliation for assets measured at fair value based on significant unobservable inputs (Level 3) is as shown in Note 19.

	Fair value measurements using significant unobservable inputs (Level 3) US$'000
Total loss for the year included in	
Statement of comprehensive income:	
2020	
- Changes in fair value of biological assets	**(10,963)**
2019	
- Changes in fair value of biological assets	2,079

(iii) Valuation policies and procedures

The Company revalues its biological assets portfolio on an annual basis. The fair value is determined by external, independent valuers which have appropriate recognised professional qualifications and experience in the valuation of biological assets. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

(e) Assets and liabilities not measured at fair value, for which fair value is disclosed

The following table shows an analysis of assets/liabilities not measured at fair value, for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant observable inputs other than quoted prices (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
2020				
Assets/(liabilities) for which fair values are disclosed (Note 15)				
Investment properties	–	15,800	–	15,800

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant observable inputs other than quoted prices (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
2019				
Assets/(liabilities) for which fair values are disclosed (Note 15)				
Investment properties	–	17,100	–	17,100

(f) Trade and other receivables, cash at banks, trade and other payables, loans and borrowings

The carrying amount of these financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

37. SEGMENT INFORMATION

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported performance or financial position of the reporting entity.

For management purposes, the Group is organised into the following major strategic operating segments that offer different products and services: (1) animal protein, (2) dairy, (3) others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Two or more operating segments may be aggregated into a single operating segment if in the judgement of management, the segments have similar economic characteristics and the segments are similar in some aspects such as the nature of the products and services; production processes; type or class of customer; distribution methods.

The segments and types of products and services are as follows:

The animal protein segment includes production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture as well as high-quality animal feed, across the Group's target markets as follows:

Animal Protein – PT Japfa Tbk refers to the animal protein operations of its public listed subsidiary in Indonesia, PT Japfa Tbk.

Animal Protein – Other mainly comprises of animal protein operations in Vietnam, India and Myanmar.

Dairy mainly comprises of production of raw milk and beef operations in China.

Others include corporate office, central purchasing office and consolidation adjustments which are not directly attributable to a particular business segment above.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on operating statement of comprehensive income and is measured in the same way as operating statement of comprehensive income in the consolidated financial statements.

	Animal Protein – PT Japfa Tbk US$'000	Animal Protein – Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Others US$'000	Group US$'000
2020						
Revenue by segment						
External revenue	**2,522,113**	**795,869**	**3,317,982**	**547,507**	**2,773**	**3,868,262**
Inter-segment revenue	**5,361**	**131**	**5,492**	**8**	**(5,500)**	**–**
Total revenue	**2,527,474**	**796,000**	**3,323,474**	**547,515**	**(2,727)**	**3,868,262**
Operating profit	**173,898**	**97,997**	**271,895**	**114,270**	**(22,380)**	**363,785**
Interest income	**3,849**	**2,669**	**6,518**	**482**	**(463)**	**6,537**
Finance costs	**(58,745)**	**(13,319)**	**(72,064)**	**(19,063)**	**(14,865)**	**(105,992)**
Foreign exchange adjustments (loss)/gain	**(130)**	**1,955**	**1,825**	**147**	**(1,896)**	**74**
(Loss)/gain from changes in fair value of biological assets	**(1,614)**	**1,402**	**(212)**	**7,267**	**–**	**7,055**
Share of loss of equity-accounted joint ventures	**55**	**(27)**	**28**	**–**	**–**	**28**
Others	**(8,770)**	**1,132**	**(7,638)**	**1,561**	**156,993**	**150,916**
Profit before income tax	**108,543**	**91,809**	**200,352**	**104,664**	**117,387**	**422,403**
Income tax expense	**(31,260)**	**(13,371)**	**(44,631)**	**(959)**	**(5,240)**	**(50,830)**
Profit, net of income tax	**77,283**	**78,438**	**155,721**	**103,705**	**112,147**	**371,573**
2019						
Revenue by segment						
External revenue	2,744,419	681,356	3,425,775	459,110	5,571	3,890,456
Inter-segment revenue	6,500	10,667	17,167	12,361	(29,528)	–
Total revenue	2,750,919	692,023	3,442,942	471,471	(23,957)	3,890,456
Operating profit	215,266	39,610	254,876	89,164	(4,999)	339,041
Interest income	1,498	1,313	2,811	337	(503)	2,645
Finance costs	(57,348)	(11,760)	(69,108)	(18,195)	(19,747)	(107,050)
Foreign exchange adjustments gain/(loss)	11,449	1,001	12,450	(3,092)	73	9,431
(Loss)/gain from changes in fair value of biological assets	(147)	13,150	13,003	(10,924)	–	2,079
Share of loss of equity-accounted joint ventures	725	(124)	601	–	–	601
Others	(1,613)	473	(1,140)	3,812	(2,345)	327
Profit/(loss) before income tax	169,830	43,663	213,493	61,102	(27,521)	247,074
Income tax expense	(49,656)	(1,637)	(51,293)	(5,817)	(5,339)	(62,449)
Profit/(loss), net of income tax	120,174	42,026	162,200	55,285	(32,860)	184,625

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)

	Animal Protein – PT Japfa Tbk US$'000	Animal Protein – Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Others US$'000	Group US$'000
Assets and reconciliations						
2020						
Segment assets	**1,748,788**	**626,685**	**2,375,473**	**975,563**	**267,291**	**3,618,327**
Unallocated assets	**41,833**	**6,060**	**47,893**	**840**	**821**	**49,554**
Total Group assets	**1,790,621**	**632,745**	**2,423,366**	**976,403**	**268,112**	**3,667,881**
2019						
Segment assets	1,843,365	519,654	2,363,019	910,558	(7,954)	3,265,623
Unallocated assets	37,449	4,862	42,311	1,704	795	44,810
Total Group assets	1,880,814	524,516	2,405,330	912,262	(7,159)	3,310,433
Liabilities and reconciliations						
2020						
Segment liabilities	**1,008,636**	**353,051**	**1,361,687**	**324,048**	**(14,772)**	**1,670,963**
Unallocated liabilities	**22,162**	**9,843**	**32,005**	**688**	**2,202**	**34,895**
Total Group liabilities	**1,030,798**	**362,894**	**1,393,692**	**324,736**	**(12,570)**	**1,705,858**
2019						
Segment liabilities	1,056,684	305,070	1,361,754	369,567	263,873	1,995,194
Unallocated liabilities	11,684	5,187	16,871	3,996	7,682	28,549
Total Group liabilities	1,068,368	310,257	1,378,625	373,563	271,555	2,023,743

Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.

Other material items and reconciliations

	Animal Protein – PT Japfa Tbk US$'000	Animal Protein – Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Others US$'000	Group US$'000
2020						
Capital expenditure	**127,018**	**100,975**	**227,993**	**76,692**	**24**	**304,709**
Depreciation and amortisation	**92,303**	**28,159**	**120,462**	**24,815**	**623**	**145,900**
2019						
Capital expenditure	223,817	69,382	293,199	26,536	45	319,780
Depreciation and amortisation	80,649	23,930	104,579	32,900	767	138,246

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

37. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Non-current assets		Revenue	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Singapore	**57,539**	24,512	**6,215**	11,077
Indonesia	**916,766**	1,027,389	**2,593,236**	2,810,692
Vietnam	**247,902**	166,623	**594,305**	447,754
China	**716,069**	599,908	**435,590**	378,815
India	**23,716**	22,456	**104,714**	131,529
Myanmar	**60,992**	51,144	**96,661**	81,804
Bangladesh	**6,083**	6,070	**2,191**	–
Others	**–**	–	**35,350**	28,785
	2,029,067	1,898,102	**3,868,262**	3,890,456

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services.

The non-current assets are analysed by the geographical area in which the assets are located. The non–current assets exclude any deferred tax.

Information about a major customer

There are no customers with revenue transactions of over 10% of the Group revenue in 2020 and 2019.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial assets comprise cash at banks, trade receivables, other receivables, and other non-current assets. The Group has various other financial liabilities such as interest-bearing loans and borrowings and trade payables.

The key financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk, and commodity price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks during the financial year.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk

The Group's interest rate risk mainly arises from loans for working capital and investment purposes. Loans at variable rates expose the Group to fair value interest rate risk.

The Group minimises the interest rates risk by ensuring the loan agreements entered into with partner banks provide sufficient flexibility with regards to adjustments to terms and conditions, as well as early repayment, take-over, and other exit options. In addition, the Group is continuously expanding its choices of debt financing by obtaining loan facilities offering the most competitive terms and conditions in the market.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Financial liabilities:				
Fixed rates	**492,739**	434,307	**31**	549
Floating rates	**674,298**	1,049,790	**78,687**	332,168
	1,167,037	1,484,097	**78,718**	332,717
Financial assets:				
Fixed rates	**50,127**	40,288	**3,775**	5,275
Floating rates	**253**	50	**25,540**	8,100
	50,380	40,338	**29,315**	13,375

The floating rate debt obligations are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes. When considered appropriate, in order to manage the interest rate risk, interest rate swaps are entered into to mitigate the fair value risk relating to fixed–interest assets or liabilities and the cash flow risk related to variable interest rate assets and liabilities. Note 22B disclosed the interest rate hedging activities in place at the end of the reporting year.

Sensitivity analysis:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
A hypothetical increase in interest rates by 100 basis points would decrease profit before tax by	**(6,740)**	(10,497)	**(531)**	(3,241)

The analysis has been performed separately for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on statement of comprehensive income. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk

The Group's exposure to foreign currency risk relates principally to the Group's subsidiaries in Indonesia, China, Vietnam, India and Myanmar where some of the transactions are denominated in United States Dollar ("USD"). The functional currencies of the Group's subsidiaries in Indonesia, China, Vietnam, India and Myanmar are Indonesia Rupiah ("IDR"), Chinese Renminbi ("RMB"), Vietnam Dong, ("VND"), India Rupee ("INR"), and Myanmar Kyat ("MMK") respectively.

Therefore, the fluctuations in the exchange rate could affect the Group's operation results. The Group entered into forward currency contracts to hedge foreign currency risk arising from the Group's bank loans denominated in USD as disclosed in Note 22B.

At 31 December 2020, based on a sensitivity simulation, had the exchange rate of respective functional currencies of the Group entities against the US Dollar depreciated/appreciated by 10%, with all other variables held constant, profit before income tax expense on 31 December 2020 and 31 December 2019 would have been US$42.2 million and US$24.7 million higher/lower respectively, mainly as a result of foreign exchange gains/losses on the translation of cash and cash equivalents, trade receivables, other receivables, trade payables and loan and borrowings denominated in US Dollar.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Group and Company minimises credit risk by dealing exclusively with high credit rating counterparties.

With regards to credit risk exposures from trade receivables, the Group manages and controls the credit risk by dealing only with recognised and credit worthy parties, setting internal policies on verifications and authorizations of credit, and regularly monitoring the collectability of receivables to reduce the exposure for bad debts. Management believes that there are no significant concentrations of credit risk.

Concentration of trade receivables customers as at the end of the reporting year:

	Group	
	2020	2019
	US$'000	US$'000
Top 1 customer	**4,140**	17,991
Top 2 customers	**7,267**	26,390
Top 3 customers	**9,537**	29,427

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

The Group and the Company aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group and the Company finances its working capital requirements through external bank and other borrowings as set out in Note 30.

The following table analyses the non–derivative financial liabilities at the end of the reporting year by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year US$'000	2 – 5 years US$'000	After 5 years US$'000	Total US$'000
2020				
Gross borrowing commitments	**439,260**	**606,116**	**–**	**1,045,376**
Gross lease commitments	**32,008**	**90,723**	**151,521**	**274,252**
Trade and other payables	**358,438**	**3,004**	**–**	**361,442**
	829,706	**699,843**	**151,521**	**1,681,070**
2019				
Gross borrowing commitments	613,864	870,477	–	1,484,341
Gross lease commitments	21,966	59,060	111,703	192,729
Trade and other payables	389,871	480	–	390,351
	1,025,701	930,017	111,703	2,067,421

Company	Less than 1 year US$'000	2 – 5 years US$'000	Total US$'000
2020			
Gross borrowing commitments	**81,245**	**–**	**81,245**
Gross lease commitments	**31**	**–**	**31**
Trade and other payables	**52,748**	**700**	**53,448**
Financial guarantee contracts – in favour of subsidiaries	**312,631**	**–**	**312,631**
	446,655	**700**	**447,355**
2019			
Gross borrowing commitments	366,845	–	366,845
Gross lease commitments	532	30	562
Trade and other payables	8,148	–	8,148
Financial guarantee contracts – in favour of subsidiaries	397,622	–	397,622
	773,147	30	773,177

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The following table analyses the derivative financial liabilities at the end of the reporting year by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year	
	2020	2019
	US$'000	US$'000
Foreign currency forward and option contracts	**7,396**	9,085

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

Commodity risks

Commodity price risk is the risk of fluctuations in the price of raw material used in feed production such as corn and soybean meal, which are commodities. The Group is generally able to pass through raw material cost increases into its feed selling prices, which mitigates the commodity price risk.

In addition, the Group continuously reviews the optimal inventory level and enters into purchase agreements with reference to cost prices, the production plan and materials requirements.

Capital management

In order to maintain its listing on the Singapore Stock Exchange, the Company has to have share capital with a free float of at least 10% of its shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total loans and borrowings less cash at banks.

	Group	
	2020	2019
	US$'000	US$'000
Net debt:		
All current and non–current loans and borrowings	**1,164,129**	1,482,437
Less: Cash at banks	**(224,686)**	(208,743)
Net debt	**939,443**	1,273,694
Total equity	**1,962,023**	1,286,690
Debt-to-adjusted capital ratio	**0.5 times**	1.0 times

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

39. DIVIDENDS

	Group	
	2020 US$'000	2019 US$'000
Dividends paid during the financial year		
Dividends on ordinary shares:		
Final tax exempt (1-tier) dividend of 2.0 Singapore cents per share paid for reporting year ended 31 December 2018	–	27,286
Final tax exempt (1-tier) dividend of 1.0 Singapore cents per share paid for reporting year ended 31 December 2019	**14,891**	–

In relation to the financial year ended 31 December 2020, the Board of Directors has proposed:

(i) an interim special dividend of 10.0 Singapore cents per ordinary share (tax exempt one-tier) to be declared by the Board of Directors and paid prior to the forthcoming annual general meeting; and

(ii) a final ordinary dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier) to be approved by the shareholders at the forthcoming annual general meeting.

40. CONTINGENT LIABILITIES

40A. Corporate guarantees

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Corporate guarantees in favour of subsidiaries	**–**	–	**312,631**	397,622

40B. Financial Support

The Company has agreed to provide financial support to a subsidiary having current liabilities in excess of its current assets by Nil (2019: US$7,258,000).

41. EVENTS AFTER THE END OF THE REPORTING YEAR

In relation to the Group's operations in Myanmar, it is still too early to tell if and how these recent developments could affect our operations and business in the country. The Group's business in Myanmar is not material, representing less than 3% of Group revenue in FY2020. The Company will continue to monitor the situation as it develops.

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 18 March 2021.

STATISTICS OF SHAREHOLDINGS

AS AT 03 MARCH 2021

Issued and Paid-up Share Capital	:	SGD 1,355,613,621
Number of issued shares	:	2,067,423,320
Treasury Shares	:	41,488,600
Issued shares less treasury	:	2,025,934,720
Class of Shares	:	ordinary shares
Voting Rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders	%	No. of Shares	%
1 – 99	9	0.33	520	0.00
100 – 1,000	387	14.12	337,048	0.01
1,001 – 10,000	1,367	49.87	8,068,171	0.40
10,001 – 1,000,000	960	35.02	48,385,516	2.39
1,000,001 and above	18	0.66	1,969,143,465	97.20
Total	**2,741**	**100.00**	**2,025,934,720**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 3 March 2021, approximately 18.16% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE.) LIMITED	1,322,088,617	65.26
2	CITIBANK NOMINEES SINGAPORE PTE LTD	456,736,230	22.54
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	65,085,360	3.21
4	DBS NOMINEES (PRIVATE) LIMITED	39,841,813	1.97
5	DBSN SERVICES PTE. LTD.	15,749,472	0.78
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	15,455,290	0.76
7	HSBC (SINGAPORE) NOMINEES PTE LTD	14,518,123	0.72
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,431,530	0.51
9	PHILLIP SECURITIES PTE LTD	7,053,520	0.35
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,651,760	0.23
11	UOB KAY HIAN PRIVATE LIMITED	3,876,350	0.19
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,748,100	0.19
13	OCBC SECURITIES PRIVATE LIMITED	2,281,000	0.11
14	ASDEW ACQUISITIONS PTE LTD	1,938,600	0.10
15	DB NOMINEES (SINGAPORE) PTE LTD	1,680,800	0.08
16	GOH GEOK KHIM	1,650,000	0.08
17	TANDIP SINGH WASAN	1,306,000	0.06
18	IFAST FINANCIAL PTE. LTD.	1,050,900	0.05
19	ALPHA SECURITIES PTE LTD	950,000	0.05
20	TAN AI MENG	700,000	0.03
	Total	**1,970,793,465**	**97.27**

STATISTICS OF SHAREHOLDINGS

AS AT 03 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 3 March 2021

	No of Shares			
Substantial Shareholders	Direct interest	Indirect interest	Total interest	%
Handojo Santosa @ Kang Kiem Han[(1)]	–	1,248,690,875	1,248,690,875	61.64
Rangi Management Limited[(1)(2)(4)]	1,061,976,500	–	1,061,976,500	52.42
Fusion Investment Holdings Limited[(2)(4)]	–	1,061,976,500	1,061,976,500	52.42
Tasburgh Limited[(1)(3)(4)]	106,714,375	–	106,714,375	5.27
Morze International Limited[(5)]	310,779,793	–	310,779,793	15.34
Highvern Trustees Limited[(3)(4)(5)(6)]	–	1,479,470,668	1,479,470,668	73.03
MNM Holdings Limited[(6)]	–	1,479,470,668	1,479,470,668	73.03
Martin John Hall[(6)]	–	1,479,470,668	1,479,470,668	73.03
Naomi Julia Rive[(6)]	–	1,479,470,668	1,479,470,668	73.03
Scuderia Trust[(4)]	–	1,168,690,875	1,168,690,875	57.69
Capital Two Trust[(5)]	–	310,779,793	310,779,793	15.34
Rachel Anastasia Kolonas[(5)(7)]	–	310,779,793	310,779,793	15.34
Farida Gustimego Santosa[(4)(8)]	–	1,168,690,875	1,168,690,875	57.69
Renaldo Santosa[(4)(9)]	–	1,169,425,175	1,169,425,175	57.72
Gabriella Santosa[(4)(10)]	–	1,168,765,875	1,168,765,875	57.69

(1) Mr Handojo Santosa @ Kang Kiem Han is the settlor of the Scuderia Trust. Under the terms of the Scuderia Trust, he is entitled, as an investment power holder, to direct the trustee of the Scuderia Trust to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with his instructions in relation to the investments of the Scuderia Trust. See Note (6) below. As the sole shareholder of Rangi Management Limited, Fusion Investment Holdings Limited is entitled to determine the composition of the board of directors of Rangi Management Limited. Accordingly, Mr Handojo Santosa @ Kang Kiem Han can control the exercise of the rights of the shares held by Fusion Investment Holdings Limited in Rangi Management Limited and through the board of directors appointed by Fusion Investment Holdings Limited, control the exercise of the rights of the Shares held by Rangi Management Limited under the Scuderia Trust. By virtue of Section 4 of the SFA, Mr Handojo Santosa @ Kang Kiem Han is deemed to have an interest in the Shares held by Rangi Management Limited and Tasburgh Limited. Tallowe Services Inc holds 80,000,000 Shares. The Shares of Tallowe Services Inc are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for Mr Handojo Santosa @ Kang Kiem Han. By virtue of Section 4 of the SFA, Mr Handojo Santosa @ Kang Kiem Han is also deemed to have an interest in the Shares held by Tallowe Services Inc.

(2) 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.

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

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

(5) 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.

(6) MNM Holdings Limited is the holding company of Highvern Trustees Limited, which holds a direct interest in the shares of Japfa Ltd. as trustee of Suderia Trust and Capital Two Trust. 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.

(7) 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.

(8) Mdm Farida Gustimego Santosa is a beneficiary under the Scuderia Trust. See Note (4) above.

(9) Mr Renaldo Santosa is a beneficiary under the Scuderia Trust. See Note (4) above. Mr Renaldo Santosa additionally holds 734,300 Shares through his client account with financial institutions.

(10) Ms Gabriella Santosa is a beneficiary under the Scuderia Trust. See Note (4) above. Ms Gabriella Santosa additionally holds 75,000 Shares through her client account with a financial institution.

NOTICE OF ANNUAL GENERAL MEETING

JAPFA LTD

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

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. A printed copy of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting ("AGM") of Japfa Ltd (the "Company") will be held by way of electronic means on 15 April 2021 at 3.00 p.m to transact the following businesses:

(A) ROUTINE BUSINESS

1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2020, together with the Auditors' Report.	**Resolution 1**
2.	To declare a final one-tier tax exempt dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2020.	**Resolution 2**
3	To re-elect the following Directors, retiring pursuant to Regulation 112 of the Company's Constitution and who, being eligible, offer themselves for re-election:	
	Handojo Santosa @ Kang Kiem Han (see Note 6)	**Resolution 3**
	Hendrick Kolonas (see Note 7)	**Resolution 4**
	Tan Yong Nang (see Note 8)	**Resolution 5**
	Kevin John Monteiro (see Note 9)	**Resolution 6**
	Ng Quek Peng (see Note 10)	**Resolution 7**
	Lien Siaou-Sze (see Note 11)	**Resolution 8**
	Manu Bhaskaran (see Note 12)	**Resolution 9**
	Tan Kian Chew (see Note 13)	**Resolution 10**
	Chia Wee Boon (See Note 14)	**Resolution 11**
4	To approve the increase in Directors' Fee for Non-Executive Directors commenting 2Q2021 (See Note 15)	**Resolution 12**
5	To approve payment of Directors fee up to 31 March 2022 based on the new Directors' fee structure.	**Resolution 13**
6.	In the event Resolution 12 is not passed, to approve payment of Directors fee up to 31 March 2022 based on existing Directors' fee structure.	**Resolution 14**
7.	To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 15**

NOTICE OF ANNUAL GENERAL MEETING

(B) SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without any modification:

8. Authority for Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap 50 **Resolution 16**

"That pursuant to Section 161 of the Companies Act Cap 50, the Directors of the Company be authorised and empowered to:

(i) (a) issue Shares whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, the "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(ii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution is in force.

PROVIDED THAT:

(1) the aggregate number of Shares issued pursuant to this resolution (including Shares issued in pursuance to any Instruments made or granted pursuant to this resolution), does not exceed 50 per cent. of the total number of issued Shares excluding treasury Shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuant of Instruments made or granted pursuant to this resolution) does not exceed 20 per cent. of the total number of issued Shares excluding treasury Shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares in the capital of the Company at the time this resolution is passed (excluding treasury Shares), after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual of the SGX-ST (including supplemental measures thereto) for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority for Directors offer and grant Awards in accordance with the provisions of Japfa Ltd Performance Share Plan ("Share Plan") and pursuant to Section 161 of the Companies Act** **Resolution 17**

"That approval be and is hereby given to the Directors to:

(i) offer and grant Awards in accordance with the provisions of Japfa Ltd Performance Share Plan ("Share Plan") and pursuant to Section 161 of the Companies Act (Cap. 50):

(a) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Awards under the Share Plan; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Awards granted by the Directors in accordance with the Share Plan awarded while the authority conferred by this resolution was in force, and

(ii) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Awards granted under the Share Plan,

PROVIDED THAT the aggregate number of Shares to be issued or transferred pursuant to the Awards under the Share Plan on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company (excluding treasury Shares) the day preceding that date."

10. **Proposed Renewal of the Share Purchase Mandate** **Resolution 18**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary Shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) ("**Market Purchase(s)**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") transacted through the SGX-ST trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"); and/or

(ii) off-market purchase(s) ("**Off-Market Purchase(s)**") (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or

(ii) in the case of an Off-Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted in accordance with the Listing Manual of the SGX-ST for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"**date of the making of the offer**" means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Percentage**" means that number of issued Shares representing 10.0% of the issued Shares (excluding treasury Shares) as at the date of the passing of this Ordinary Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105.0% of the Average Closing Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

NOTICE OF ANNUAL GENERAL MEETING

11. To transact any other business of an Annual General Meeting.

By Order of the Board of Directors

Tan Yong Nang
Executive Director and Chief Executive Officer
31 March 2021

IMPORTANT NOTICE FROM THE COMPANY ON COVID-19

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of community spread of COVID-19. Members should note that the Company may be required (including at short notice) to make further changes to its AGM arrangements as the situation evolves, and members are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNET.

1. No attendance at AGM

Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. Alternative arrangements have been put in place to allow members to participate at the AGM by watching the AGM proceedings through a "live" webcast via his/her/its mobile phones, tablets or computers or listening to the AGM proceedings via "live" audio feed via telephone. Members who pre-register to watch the "live" webcast or listen to the "live" audio feed may also submit questions related to the resolutions to be tabled for approval at the AGM, and members who wish to exercise their voting rights may do so by voting by proxy at the AGM.

2. Registration to attend the AGM Remotely

A member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by **3.00 p.m. on 12 April 2021** ("**Registration Cut-Off Date**") (being 72 hours before the time fixed for the AGM), at the URL www.japfa.com/AGM2021. A member will be required to provide their full name, NRIC/Passport No./Company Registration No. and address for verification purposes.

Upon successful registration, authenticated members will receive an email confirmation by **14 April 2021 by 2.00 p.m.** with their user log-in details, access password and the link to access the "live" webcast and/or telephone number for "live" audio feed of the AGM proceedings.

A member who does not receive any email by **14 April 2021 by 2.00pm**, but who have registered by the Registration Cut-Off Date, should contact the Company's Share Registrar at the following email address: japfa-AGM2021@boardroomlimited.com.

3. Prior submission of questions

A member who pre-registers to watch the "live" webcast or listen to the "live" audio feed may also submit questions related to the resolutions to be tabled for approval for the AGM. To do so, all questions must be submitted by **3.00 p.m. on 12 April 2021** (being 72 hours before the time fixed for the AGM):

(i) via the pre-registration website at the URL www.japfa.com/AGM2021;

(ii) in hard copy by sending personally or by post and lodging the same at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

(iii) by email to the Company's Share Registrar at japfa-AGM2021@boardroomlimited.com.

NOTICE OF ANNUAL GENERAL MEETING

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval for the AGM either before the AGM on SGXNET and the Company's website at the URL https://japfa.com/investors/general-report/agm-egm or during the AGM, in accordance with COVID-19 Order Guidance.

4. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting

5. The instrument appointing the Chairman of the meeting as the proxy must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the AGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

6. Mr Handojo Santosa @ Kang Kiem Han will, upon re-election, serve as an Executive Director and the Chairman of the Board of Directors.

7. Mr Hendrick Kolonas will, upon re-election, serve as an Executive Director.

8. Mr Tan Yong Nang will, upon re-election, continue to serve as an Executive Director and Chief Executive Officer of the Company.

9. Mr Kevin John Monteiro will, upon re-election, continue to serve as an Executive Director and the Chief Financial Officer of the Company.

10. Mr Ng Quek Peng will, upon re-election, serve as the Chairman of Audit and Risk Committee and a member of the Nominating Committee. Mr Ng is the Lead Independent Director.

11. Ms Lien Siaou-Sze will, upon re-election, serve as the Chairwoman of the Remuneration Committee and a member of the Nominating Committee. Ms Lien is an Independent Director.

12. Mr Manu Bhaskaran, will upon re-election, continue to serve as the Chairman of the Nominating Committee. Mr Bhaskaran is an Independent Director.

13. Mr Tan Kian Chew, will upon re-election, serve as a member of the Audit and Risk Committee and the Remuneration Committee. Mr Tan is an Independent Director.

14. Mr Chia Wee Boon, will upon re-election, serve as a member of the Audit and Risk Committee and the Remuneration Committee. Mr Chia is an Independent Director.

15 Proposed Increase in Directors Fee for Non-Executive Director

Fee Structure for Non-Executive Director		
Appointment	**Existing Fees (S$ Per Annum)**	**New Fees commencing 2Q2021 S$ Per Annum)**
Board Chairman	165,000.00	165,000.00
Board Member	90,000.00	95,000.00
Audit and Risk Committee Chairman	33,000.00	33,000.00
Remuneration Committee Chairman	30,000.00	30,000.00
Nominating Committee Chairman	25,000.00	25,000.00
Lead ID	12,000.00	12,000.00
Committee Member	12,000.00	12,500.00

16. Ordinary Resolution 16 is to empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50% of the total number of Shares (excluding treasury Shares) (with a sub-limit of 20% of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a pro rata basis to shareholders).

NOTICE OF ANNUAL GENERAL MEETING

17. Ordinary Resolution 17 is to empower the Directors to offer and grant awards pursuant to the Japfa Performance Share Plan ("Share Plan") and to issue Shares in the capital of the Company pursuant to the vesting of awards granted pursuant to Share Plan provided that: (a) the aggregate number of new Shares which may be issued under the Share Plan does not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time, (b) The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Share Plan to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Share Plan, and (c) The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Share Plan.

18. Ordinary Resolution 18 is to renew the Share Purchase Mandate which was approved by shareholders on 25 June 2020. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

Personal data privacy:

By submitting an instrument appointing the Chairman of the meeting as the proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

NOTICE OF BOOKS CLOSURE

Notice is hereby given that, *subject* to members' *approval* to the proposed payment of a final one-tier tax exempt dividend at the Seventh Annual General Meeting scheduled to be held on 15 April 2021 the Company's Share Transfer Book and Register of Members, will be closed on 26 April 2021 at 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate and Advisory Services Pte Ltd, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 26 April 2021 will be registered to determine shareholders' entitlements to the dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 26 April 2021 will be entitled to the final dividend.

Payment of the final dividend, if approved by members at the Seventh Annual General Meeting, will be made on 20 May 2021.

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and Chief Executive Officer
31 March 2021

JAPFA LTD

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

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance, voting by proxy at the AGM are set out in Notice of Annual General Meeting dated 31 March 2021 and uploaded on the on SGXNET on the same day.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit a proxy form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate) appointing the Chairman of the Meeting as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
3. If a SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach his/her respective SRS Operators to submit his/her votes by 5.00 p.m. on 5 April 2021, being seven (7) working days before the date of the AGM.

Personal Data Privacy

By submitting an instrument appointing the Chairman of meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 March 2021

This Form 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. A printed copy of this proxy form will NOT be despatched to members.

*I/We ________________________________ (Name) ____________________________ (NRIC/Passport Number)

of ____ (Address)

being a *member/ members of Japfa Ltd ("the **Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM to be held by way of electronic means on Thursday, 15 April 2021at 3.00 p.m. and at any adjournment thereof.

I/We direct the Chairman of the meeting as proxy to vote at the AGM in the manner as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the Chairman of the meeting as proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

	For *	Against *	Abstain*
Routine Business			
Ordinary Resolution 1 Adoption of the Directors' Statement, the Audited Financial Statements and the Auditor's Report			
Ordinary Resolution 2 Declaration of final one-tier tax exempt dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2020			
Ordinary Resolution 3 Re-election of Handojo Santosa @ Kang Kiem Han as a Director			
Ordinary Resolution 4 Re-election of Hendrick Kolonas as a Director			
Ordinary Resolution 5 Re-election of Tan Yong Nang as a Director			
Ordinary Resolution 6 Re-election of Kevin John Monteiro as a Director			
Ordinary Resolution 7 Re-election of Ng Quek Peng as a Director			
Ordinary Resolution 8 Re-election of Lien Siaou-Sze as a Director			
Ordinary Resolution 9 Re-election of Manu Bhaskaran as a Director			
Ordinary Resolution 10 Re-election of Tan Kian Chew as a Director			
Ordinary Resolution 11 Re-election of Chia Wee Boon as a Director			
Ordinary Resolution 12 To approve the increase in Directors' Fee for Non-Executive Directors commenting 2Q2021			
Ordinary Resolution 13 To approve payment of Directors fee up to 31 March 2022 based on new Directors' fee structure			

	For *	Against *	Abstain*
Ordinary Resolution 14 In event Resolution 12 is not passed, to approve payment of Directors fee up to 31 March 2022 based on existing Directors' fee structure			
Ordinary Resolution 15 To re-appoint Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration			
Special Business			
Ordinary Resolution 16 Authority for Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap 50			
Ordinary Resolution 17 Authority for Directors to offer and grant awards and issue shares in accordance with the provision of Japfa Performance Share Plan and pursuant to Section 161 of the Companies Act, Cap 50			
Ordinary Resolution 18 To approve the proposed renewal of Share Purchase Mandate			

* If you wish to exercise all your votes "For", "Against" or "Abstain" the Ordinary Resolutions, please indicate with a "√" within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this __________ day of ____________ 2021

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, Chapter 289 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. Due to the current COVID-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must submit an instrument of proxy to appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. A member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the instrument of proxy, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the AGM as 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 Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if by email, be received by the Company's Share Registrar at japfa-agm2021@boardroomlimited.com,

   in either case, by **3.00 p.m. on 12 April 2021** (being 72 hours before the time fixed for the AGM), in default the instrument of proxy shall not be treated as valid.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM 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 (Chapter 50) of Singapore or under the hand of an attorney or officer duly authorised, or in some other manner approved by the Directors.

6. Where the instrument appointing the Chairman of the AGM 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.

7. Relevant intermediaries shall also appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the relevant intermediaries shall provide to the Company an official cover letter and a list of attendees in excel format who would like to attend the AGM by way of a "live" webcast and/or "live" audio feed with each attendee's full name, NRIC/Passport No./Company Registration No., address, email address and no. of shares for verification purposes. Upon successful registration, authenticated attendees will receive an email confirmation by 3.00 p.m. on 14 April 2021 with their user log-in details, access password and the link to access the "live" webcast and/or telephone number for "live" audio feed of the AGM proceedings.

8. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).

9. 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 name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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