PRESS RELEASE

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Japfa acquires two dairy farms to ramp up its foothold in China

Singapore, 28 June 2021 – Leading agri-food company Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today announced that its dairy division had agreed to buy two dairy farms in Shandong, China, through the acquisition of the entire issued capital of Falcon Dairy Holdings Limited ("Falcon"). This acquisition is an important step in the execution of the Group's strategy to become a leading independent raw milk producer in China.

AustAsia Investment Holdings Pte Ltd ("AustAsia"), Japfa's 75%-owned subsidiary operating the Group's dairy and beef farming businesses in China, will acquire the entire issued capital of Falcon for a total consideration of about US$123.4 million[1]. Falcon holds 100% capital of Pure Source Farm Company Limited ("Pure Source"), which owns the two dairy farms in Shandong, China. Pure Source farms produce quality raw milk in China.

With the acquisition of the two state-of-the-art dairy farms, with a total capacity of approximately 16,000 heads of cattle, AustAsia will expand its production capacity in a shorter time compared with building new farms from scratch. This will enable AustAsia to take advantage of the favourable raw milk price environment due to the current supply shortage in the Chinese market.

The demand in China for quality and healthy dairy products is expected to grow in the coming years and AustAsia is well positioned to capitalise on this growth given its strong expertise in dairy farming and quality raw milk production. The acquisition of Pure Source farms will further boost AustAsia's capacity and accelerate its expansion in China.

Edgar Collins, Head of Dairy of Japfa Ltd and Managing Director of AustAsia, said: "We are pleased with the acquisition of the Pure Source farms, which is a further step in our strategy to become the leading independent raw milk supplier in China. The strategically located, state-of-the-art dairy farms provide us further production capacity of quality raw milk in good time, significantly reducing the expansion capacity lead time compared to building new farms from scratch. This is even more important in the current favourable raw milk price environment arising from the supply shortage in the Chinese dairy market. Pure Source farms are the right fit for us, sharing the same commitment to quality farm design, operational efficiency, and best farm practices. We welcome the Pure Source farms team to AustAsia and look forward to working together to further develop the Pure Source farms and grow our position in China".

[1] The consideration is based on a fixed price of US$115.5 million adjusted inter alia for actual cash at closing and a minimum herd size. The consideration will be paid in cash at closing based on the Sellers' estimate of US$123.4 million and adjusted against actual numbers thereafter.

AustAsia is one of the leading producers of premium raw milk in China, with superior milk yields and 8 world-class, state-of-the-art, 10,000-head dairy farms which are designed, equipped, and managed to meet and exceed international standards in productivity and biosecurity. In 2020, its average daily milk yields were 40.1kg per head. As at 31 December 2020, AustAsia had a dairy herd size of approximately 84,000 heads of cattle in 5 farms in Shandong ("Hub 1"), and 3 farms in Inner Mongolia ("Hub 2").

The Pure Source farms are located in Shandong Province, which places them in close proximity with AustAsia's Hub 1 farms, with benefits from operational synergies and the sharing of infrastructure. Expansion in the Shandong Province, which is one of five Chinese provinces suitable for dairy production based on its favourable geographical location and weather conditions, is becoming more difficult due to increasing lack of available space. In addition to the two established dairy farms, this transaction also includes two additional sites of land in Shandong that potentially can be further developed.

The closing of the transaction is expected to take place on or about 30 June 2021.

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About Japfa Ltd

Headquartered in Singapore, Japfa Ltd is a leading vertically integrated agri-food company listed on the SGX Main Board since 2014. Established in 1971, the Group has grown into one of Asia's leading low-cost producers of protein staples including poultry, swine, aquaculture, beef, dairy as well as protein-based consumer products across fast-growing emerging Asian economies such as Indonesia, China, India, Myanmar and Vietnam. Japfa embraces an integrated industrial approach to livestock and food production across the value chain. Its vertically integrated business model spans from Feed & Breeding (upstream), Milking and Fattening (mid-stream) and Processing and Distribution of consumer products (downstream). For more information, please visit https://www.japfa.com/

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