JAPFA LTD
(Company Registration Number: 200819599W)
(Incorporated in Singapore on 8 October 2008)

JOINT VENTURE IN RELATION TO PROPOSED PREMIUM MILK PROCESSING FACTORY IN SHANDONG, CHINA

Japfa Ltd (the "**Company**") wishes to announce that AustAsia Investment Holdings Pte Ltd ("**AIH**"), its 61.87% held subsidiary, has today entered into conditional Subscription and Shareholder Agreements ("**JV Agreements**") with Food Union (Asia) Limited ("Food Union") and Food Union AustAsia Holdings Pte Ltd ("**JVCo**") in relation to a proposed premium milk processing plant in Shandong, China ("**Factory**").

The Factory will be constructed, owned and operated by Dong Ying AustAsia Milk Manufacturing Company Ltd ("DYAMCL"), which will be a wholly-owned PRC subsidiary of JVCo. JVCo was incorporated in Singapore, by AIH on 28 July 2015, for the purpose of being the joint venture company. The Factory will sit on 115mu of land in Shandong, China, in the vicinity of the Group's dairy farms, under a 50-year grant of land use rights ("**Project Land**") for which the Group successfully auctioned in 2014.

The Joint Venture Agreements are conditional upon inter alia, (a) the said grant of the land use rights to DYAMCL; and (b) the transfer of DYAMCL from AIH to JVCo.

Pursuant to the terms of the Joint Venture Agreements, AIH will contribute up to US$20m and own 10% of the capital of JVCo, and Food Union will contribute up to US$180m and own 90% of the capital of JVCo.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction.

AIH's investment into JVCo will be funded through the Group's internal resources, through IPO proceeds and/or bank borrowings and is not expected a material effect on the net tangible assets per share and earnings per share of the Group for the current financial year.

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and Chief Executive Officer

Date: 17 August 2015

Credit Suisse (Singapore) Limited and DBS Bank Ltd. were the joint global coordinators, joint issue managers, joint bookrunners and underwriters ("Joint Global Coordinators, Joint Issue Managers, Joint Bookrunners and Underwriters") for the Offering. The Joint Global Coordinators, Joint Issue Managers, Joint Bookrunners and Underwriters assume no responsibility for the contents of this announcement.