



PRESS RELEASE

JAPFA LTD

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Japfa announces closing of transaction on 25% of China dairy farming operations with Meiji

Through this transaction, both companies leverage their complementary strengths to accelerate respective growth plans in China's dairy market

Singapore, 3 July 2020 - Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today announced the closing of the sale of 25% Japfa's share capital in AustAsia Investment Holdings Pte Ltd ("AustAsia") to Meiji for a total cash consideration of US\$254.4 million. This follows approval granted by shareholders and the satisfaction of conditions precedent.

Japfa continues to own a 75% stake in AustAsia, which operates the Group's dairy farming business in China and is one of the leading independent producers of premium raw milk. Japfa already supplies quality raw milk to Meiji for its downstream operations in China, where Meiji is active in the milk and yogurt business, as well as in the ice cream and confectionery business, both of which are steadily expanding.

Japfa CEO, Mr Tan Yong Nang said: "The successful closing of this transaction is an important and exciting step as Meiji's stake forges a strategic partnership with Japfa that combines Japfa's strong expertise in dairy farming and quality raw milk production with Meiji's world-class leading processing operations and well-recognised brand in dairy products. This strategic partnership also enables us to build AustAsia to become the largest independent raw milk producer in China and creates value for shareholders."

As part of the agreement, Japfa will continue to manage the farming operations in China, which will supply raw milk to Meiji on the basis of a 5-year rolling contract, renewable annually.

Japfa will apply the proceeds of the transaction towards the repayment of the US\$253 million term loan, thus improving the Group's consolidated leverage ratio and strengthen its balance sheet.

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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 to become one of Asia's leading low-cost producers of protein staples including poultry, swine, aquaculture, beef, dairy as well as protein-based consumer products with operations 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 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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