JAPFA LTD
391B Orchard Road, #18-08, Ngee Ann City Tower B, Singapore 238874
Tel: (65) 6735 0031 Fax: (65) 6735 4465
Company Registration No: 200819599W

Japfa to acquire remaining interest in its dairy business for US$263.1 million

- ***Proposed acquisition from private equity partner will enable the Group to enjoy full contribution from its strong dairy business which has recorded consistent profitability***
- ***Well-positions the Group to further benefit from the long-term growth potential of the dairy industry in emerging Asia***

Singapore, 21 December 2017 – Leading agri-food company, **Japfa Ltd** ("Japfa" or the "Company", and together with its subsidiaries, the "Group") today announced that it has entered into a share purchase agreement ("SPA") to acquire the outstanding shares in AustAsia from Black River Funds which is managed by Proterra Investment Partners LP ("Proterra") (the "Proposed Transaction").

AustAsia consists of the Company's two principal subsidiaries - AustAsia Investment Holdings Pte. Ltd. ("AIH") and AIH2 Pte Ltd ("AIH2"). These subsidiaries owns the Group's dairy business comprising dairy farms in China and Indonesia, as well as its "Greenfields" milk downstream business. Japfa currently holds a 61.9% and 64.4% stake in AIH and AIH2 respectively, while Black River Funds owns the remaining interest.

Under the Proposed Transaction, the Company will acquire Black River Funds' 38.1% stake in AIH and 35.6% stake in AIH2 for an aggregate consideration of US$263.1 million, comprising Call Option Shares of US$19.6 million (based on the cost of investment of Black River Funds) and Sale Shares of US$243.5 million, which was arrived at, after arm's length negotiations on a "willing-buyer, willing-seller" basis taking into account AustAsia's earnings and dairy industry earnings multiples.

The acquisition will bolster the Group's overall profile. Gaining full control over its dairy business, which has been a strong engine of growth, will enable the Group to align AustAsia's objectives with its long-term strategic goal of becoming a fully integrated milk and food player in emerging markets. In China, AustAsia commands leadership position in terms of raw milk yields, while in Indonesia, its enjoys strong brand equity with *Greenfields* as the top fresh milk brand. With its upstream milk business substantially in place, the Group will now focus on strengthening its downstream capabilities.

In addition, with AustAsia as a wholly-owned subsidiary, the Group will enjoy full contribution from its dairy business which has recorded consistent profitability, despite the prevailing low raw milk price environment.

Commenting on the Proposed Transaction, Mr Tan Yong Nang, Chief Executive Officer of Japfa, said, **"The proposed acquisition bodes well for the Group in the long term as having 100% ownership allows us to tap the full potential of the fast-growing milk industry in emerging Asian markets. Without a doubt, our dairy business is now on a stronger footing and we will continue to invest resources to further establish our position in the dairy industry. We would like to thank Proterra for their strong partnership in building our dairy business over the last seven years."**

The acquisition will be funded by bank borrowings. The Company will enter into a facility agreement for an up to S$280.0 million underwritten and committed syndicated loan with DBS Bank Ltd and Coöperatieve Rabobank U.A., Singapore Branch. The Syndicated Loan comprises (a) an up to US$230.0 million three-year term loan for the purpose of the Proposed Transaction; and (b) an up to US$50.0 million three-year revolving credit facility for general corporate purposes. Although the Transaction Loan is repayable as a bullet repayment in three years' time, it can be prepaid or cancelled without penalty.

Notwithstanding that the Proposed Transaction is in the ordinary course of the Group's business, the Company will seek shareholders' approval at an Extraordinary General Meeting to be held on or about 12 April 2018, following the conclusion of the Company's Annual General Meeting.

###

ABOUT JAPFA LTD

Japfa Ltd is a leading agri-food producer focused on feeding emerging Asian markets. The Group produces protein staples such as chicken, beef and milk, as well as protein-based consumer food products. From its headquarters in Singapore, Japfa operates its businesses in the fast growing economies of Indonesia, China, India and Indo-China. Backed by two generations of farming experience, it operates industrial-scale farms which are vertically integrated with its downstream food processing operations.

For media queries for Japfa Ltd, please contact Kreab Singapore:
Nora SNG / HE Tianning
Email: nsng@kreab.com / tianning@kreab.com
Phone: +65 9791 5366 / +65 9006 5084

IMPORTANT NOTICE

This press release is for information only and may contain forward-looking statements that involve assumptions, risks and uncertainties. It should be read in conjunction with the SGXNet announcement dated 21 December 2017. All capitalized terms used but not defined herein shall have the same meanings ascribed to such term in the SGXNet announcement.