



PRESS RELEASE

JAPFA LTD

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Japfa forges new strategic partnerships as part of plans to grow into the largest independent raw milk producer in China

- **Genki Forest and Honest Dairy to purchase 5.0% and 2.5% equity stakes in AustAsia respectively.**
- **AustAsia brings in two strategic Chinese beverage and yoghurt companies as shareholders.**
- **Japfa to remain AustAsia's single largest and controlling shareholder with a 67.5% stake.**
- **The consideration implies a 100% equity value of US\$1,168 million for AustAsia.**

Singapore, 30 August 2021 – Leading agri-food company Japfa Ltd (“Japfa” or, together with its subsidiaries, the “Group”) today announced that it had entered into two separate agreements with Genki Forest and Honest Dairy to establish partnerships aimed at growing the Group into the largest independent raw milk producer in China.

AustAsia Investment Holdings Pte Ltd (“AustAsia”), a subsidiary of Japfa Ltd, operates dairy farms producing raw milk and cattle feedlots producing beef in China.

With these two agreements, Japfa strengthens AustAsia's foundation of strategic shareholders:

- Under a Sale and Purchase Agreement dated 30 August 2021, Plutus Taurus Technology HK Limited, a subsidiary of Genki Forest Technology Group Holdings Limited (“Genki Forest”), will acquire 5.0% of the issued shares of AustAsia from Japfa for a consideration of US\$58.4 million¹ (the “Genki Transaction”); and
- Under a Sale and Purchase Agreement dated 30 August 2021, Honest Dairy Group Co. Ltd. (“Honest Dairy”) will acquire 2.5% of the issued shares of AustAsia from Japfa for a consideration of US\$29.2 million¹ (the “HD Transaction”).

The aggregate consideration of US\$87.6 million implies a 100% equity value of US\$1,168 million for AustAsia.

Both Genki Forest and Honest Dairy are growing food and beverage Chinese companies and existing customers of AustAsia, with strong potential for future growth. These transactions allow AustAsia to team up with strategic Chinese premium downstream players as shareholders. In addition, the milk supply agreements entered in connection with the

¹ Representing a price per share of US\$3.475.

transactions, will provide a revenue stream for the AustAsia Group, as it provides for the supply of certain quantity of milk to the new investors.

Last year in July 2020, Meiji came on board as a strategic partner with a 25% equity stake in AustAsia. After the closing of the transactions with Genki Forest and Honest Dairy, Japfa will remain the single largest and controlling shareholder in AustAsia with a 67.5% stake, in line with the Group's strategy of diversifying AustAsia's shareholder base with strategic investors, while maintaining its independence and management control. AustAsia will continue to have control over the management of all farming operations in China.

The Chinese dairy industry is going through a dynamic phase. The demand for quality and healthy dairy products has grown substantially and is expected to further expand in the coming years, as Chinese consumers are increasingly interested in the nutritional benefits of milk and dairy products. As the leading independent raw milk producer, AustAsia is well positioned to capture this growth on the back of its advanced farm management techniques and strong expertise in quality raw milk production.

AustAsia has demonstrated a commitment to grow its dairy farming capacity with the recent acquisition on 30 June 2021 of two dairy farms in Shandong with a combined capacity of 16,000 heads. With this acquisition, AustAsia confirms its position as the leading independent raw milk producer in China.

Japfa CEO, Mr Tan Yong Nang said, "We are pleased to welcome Genki Forest and Honest Dairy as new strategic partners at this exciting time for AustAsia. We have been building AustAsia to become the leading independent raw milk producer in China by championing our industrialised business model for milk production and our strong dairy farming expertise, with the consistently highest milk yields in China. Today we believe that AustAsia will benefit from the addition of two Chinese strategic partners who share our growth ambitions in China and our focus on quality. Together with all our partners, we expect to further enhance AustAsia's position in the dynamic Chinese dairy market and create long term value".

Completion of the Genki Transaction is expected to take place no later than 15 business days after the date of this announcement. Completion of the HD Transaction is expected to take place no later than 3 business days after the date of this announcement.

The Proposed Transactions will realise cash proceeds of US\$87.6 million and thereby strengthen the Group's financial position. The Group intends to use the proceeds of the Proposed Transactions for general working capital and corporate purposes.

AustAsia is the leading independent producer of premium raw milk in China, with superior milk yields and 10 world-class, state-of-the-art, dairy farms which are designed, equipped, and managed to meet and exceed international standards in productivity and biosecurity. In 2020, its average milk yields were 40.1kg per head per day. 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"). Recently, AustAsia acquired two additional dairy farms in Shandong with a total capacity of approximately 16,000 heads of cattle.

Genki Forest is a Chinese health tech beverage company producing sugar-free, low calories drinks, including its flagship “sugar-free, carb-free, and fat-free” peach-flavoured water beverage, as well as milk tea and yoghurt.

Honest Dairy is a Chinese probiotic yoghurt producer based in Guangzhou. The company develops products focused on the health benefits of yoghurt, such as China’s first functional yoghurt contained in light-protected packaging.

Credit Suisse (Singapore) Limited is the exclusive financial advisor to Japfa Ltd for this transaction.

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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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