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China Xiangtai Food to acquire controlling interest in JMC

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China Xiangtai Food Co. Ltd., an emerging growth company primarily engaged in pork processing in China, today announced that the Company, through its subsidiary Chongqing Jinghuangtai Enterprise Management Consulting Co., Ltd., entered into a definitive agreement (the "Agreement") to acquire a 51% controlling interest in Chongqing Ji Mao Cang Feed Co., Ltd. ("JMC").



Anticipated Annualized Revenue of $170,000,000 by Expanding into Chinaâ??s Southwest Market

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JMC is a private enterprise specializing in feed raw material sales and providing feed formula solutions, and the acquisition is expected to help the Company expand its market in Southwest China.

As previously announced, the Company entered into a non-binding Memorandum of Understanding (the MOU) to acquire 51% controlling interest in JMC, one of the leading feed suppliers in southwest China. JMC has more than 200 customers in the farm industry and nearly 100 customers in the feed production industry. In 2019, JMC sold more than 200,000 tons of soybean meal, exceeding $70,000,000 USD (RMB 500 million) in sales. With the Companyâ??s revenue of $102,545,152 in its last fiscal year, PLIN expects this acquisition to increase its gross revenue by 70% on an annual basis.

Pursuant to the Agreement, subject to certain milestones to be achieved by JMC, the Company agreed to issue to JMC a total of 2,000,000 shares of the Companyâ??s ordinary share for consideration equal to$7,420,000 over the next two years.

Zeshu Dai, Chairwoman and CEO of China Xiangtai Food, commented, "We are thrilled to enter into a definitive agreement with JMC. Combining JMCâ??s capability in feed raw material and formula solutions with PLINâ??s commercial strength as a leading provider of pork products will make a dramatic impact on our penetration and expansion intoChinaâ??s southwest market. Looking ahead, we will continue to implement the Companyâ??s growth strategy to create value for our shareholders."

Xiaohui Wu, the President and Director of China Xiangtai Food, added, "The acquisition of JMC will further enable the Company to respond to the growing demand for pork in China. We believe that our business and profitability will benefit from this expanded vertical integration of the industry supply chain and network. Further, this transaction will accelerate our already impressive growth in this vital market."