

EMBARGOED UNTIL 10.45AM 15 SEPTEMBER 2015

SILVER FERN FARMS BOARD UNANIMOUSLY RECOMMENDS PARTNERSHIP WITH SHANGHAI MALING

- Board gives unanimous recommendation to accept Shanghai Maling Aquarius Group (Shanghai Maling) as new partner to secure an improved and sustainable future
- A 50:50 partnership with total commitment to our global plate to pasture strategy
- Transaction values Silver Fern Farms' equity at \$311m. This equates to \$2.84 per ordinary share, which compares to the \$0.35 share price prior to their suspension in July
- Shanghai Maling to invest \$261m in cash to own 50% of Silver Fern Farms' business, in partnership with the existing Silver Fern Farms Co-operative
- A special dividend of \$0.30 per share to Co-operative ordinary and rebate shareholders
- The investment will see the company with no debt and a positive cash position at next year end
- Provides Silver Fern Farms with significant financial capability to accelerate its global 'Plate to Pasture' strategy, and to invest in improvements to its plant network.
- Positions Silver Fern Farms with a competitive advantage in China; the world's fastest growing red meat market
- Creates New Zealand's financially strongest red meat processing company
- Retains the supplier-controlled co-operative as a 50% shareholder

Dunedin, 15 September 2015 – The Board of Silver Fern Farms announced today that it will recommend unanimously to its shareholders that a partnership is formed with China's leading meat processor Shanghai Maling, a listed company based in Shanghai, owned 38% by Bright Food Group.

Rob Hewett, Chairman of Silver Fern Farms, said the Board's recommendation to co-operative shareholders is to create a new 50 / 50 partnership with Shanghai Maling and to work together to grow a profitable long-term global business providing sustainable returns to shareholders.

"Under the proposed deal Shanghai Maling will invest \$261 million in cash for half of Silver Fern Farms' business. The investment will be into a company, to be named Silver Fern Farms, which will own all of the assets of the business, and be owned 50 percent by the existing Silver Fern Farms Co-operative and 50 percent by Shanghai Maling. In addition, the Board of the Co-operative plans to redeem the 5.5m Supplier Investment Shares it has outstanding and pay a \$35m (30cps) special dividend to ordinary and rebate shareholders at the time of the transaction. This dividend will be a welcome return and one which will set expectations moving forward."

“Existing ordinary and rebate shareholders will retain their current shares in the Co-operative and supplier shareholders will continue to supply their livestock through the Co-operative,” said Mr Hewett.

Mr Hewett adds that by Shanghai Maling investing \$261 million of cash into the business in return for 50%, the Co-operative will own 50% of a business whose equity value has effectively doubled in size.

“The implied value of the transaction of \$2.84 per ordinary share compares to a share price of 35 cents when the trading of shares was suspended in July.”

Mr Hewett notes that the intention going forward, subject to board approval at the time, is for Silver Fern Farms to return 50% of profits every year to its two shareholders.

“The Board considered many options for new capital, both locally and internationally, but Shanghai Maling stood out for the enormous opportunities and ongoing benefits for the Co-operative, its shareholders and supplying farmers.

“We are very excited by this partnership proposal with Shanghai Maling and believe they are the best partner for Silver Fern Farms. Our values are closely aligned. The proposed deal has many long-term benefits for the co-operative including full support for our global ‘Plate to Pasture’ strategy, and the means to accelerate the strategy in a number of key markets as a result of the investment of substantial new capital.

“This new partnership will see Silver Fern Farms in a cash positive position at year end, which will allow us to both reinvest more aggressively in executing our strategy but also to share profits via regular payments of dividends to the two shareholders and maintain competitive procurement prices for our livestock suppliers.

“The Co-operative will receive 50% of those future dividends and intends, subject to the Co-operative Board approval at the time, to in turn provide regular payments of dividends and rebates to shareholders.”

Dean Hamilton, Chief Executive, Silver Fern Farms said Shanghai Maling brings more than just capital because they provide the co-operative with a huge opportunity in China.

“This has the potential for us to establish a unique position in what is the fastest growing red meat market in the world. Shanghai Maling’s integrated supply chain model will allow us to advance our product development and consumer marketing abilities in that market in ways we could not do ourselves, or with any other local or international investor,” said Hamilton.

“Silver Fern Farms will continue to be responsible for its sales and marketing efforts in China just as it is in other countries around the world. Where it makes sense for all parties, we will be working with Shanghai Maling to create products in New Zealand specifically for China, and will leverage its (and Bright Group’s) significant wholesale and retail networks. We expect the in-market relationship to build naturally over time,” he said.

Mr Hewett said shareholders and suppliers will have the opportunity to hear more about the partnership over coming weeks.

“We expect to send shareholder materials out ahead of a shareholder meeting planned for October 16. The investment is subject to shareholder approval by both parties and regulatory approvals in both New Zealand and China. We expect the transaction to be completed in the first half of next year.

“What is clear is that the traditional industry model hasn’t consistently delivered for farmers or processors over a sustained period of time. Our shareholders and farmer suppliers believe in our added value strategy, but the key missing link has been a strong financial position from which to execute.

“We have arrived at a position where we have a genuine game changing opportunity for our business. We have a partner who supports our strategy, wants us to accelerate, has the resources and relationships to help us specifically in China, and will provide us with significant capital to put us in a position of not only financial sustainability, but one of strength. It will enable us to reinvest in the business in a manner we simply cannot achieve by ourselves. The end result should be higher, and more stable, returns from the plate to the pasture.

“We are excited about what this partnership can bring to the business, to our shareholders and to supplying farmers.

“I truly believe this partnership will be a defining moment for our business and the co-operative as a whole. We will look back on this in 5 to 10 years’ time and know it was the catalyst for us to propel our business forward in a way, even a year ago, we never thought possible,” Mr Hewett said.

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Notes to Editors

About Silver Fern Farms:

- Silver Fern Farms is a major New Zealand processor and marketer of lamb, mutton, beef, venison and associated products to more than 60 countries
- The company’s vision: Inspirational Food Created by Passionate People
- Silver Fern Farms is a farmer-controlled co-operative with more than 6,200 Ordinary Shareholders and over 16,000 farmer partners
- The company operates 19 processing facilities throughout the country, employing more than 7,000 staff in peak season
- Key markets in North America, China, the Middle East, Europe, the United Kingdom and Asia are supported through a network of international offices.

About Shanghai Maling Aquarius Co., Ltd

- With a history of over 100 years, the current entity of Shanghai Maling Aquarius Co. Ltd (“Shanghai Maling”) was founded in 1997
- As a listed subsidiary of Bright Food (Group) Co. Ltd, Shanghai Maling is a leader in integrated food manufacturing, food processing and distribution
 - o Shanghai Maling is a leader in the Chinese market in the following sectors; chilled & fresh meat, beef value-added, candy and bottled honey.

- Shanghai Maling has direct control of 800 supermarket and retail stores, including 56 specialist meat retail stores in Shanghai
- Their meat sales network covers large to medium sized cities in Shanghai and other Chinese Provinces: 19 wholesale facilities, distributing more than 2,000 SKU
- Large e-commerce presence: “96,858” online-supermarket and online stores in most Chinese online shopping websites
- Shanghai Maling consists of 3 business divisions:
 1. Meat & Meat Products (Beef \Pork\Lamb)
 2. Integrated Food Manufacturing
 - Chocolate Candy
 - Honey
 - Seasonal Food (e.g. Moon Cake)
 - Drinking Water
 3. Food Distribution
 - E-commerce & Food Distribution
 - Food Imports and Exports
- Market cap: NZD 3.2 billion (19 August 2015, at suspension of trading)
- 2014 full year results:
 - Total assets: NZD 1.65bn
 - Revenue : NZD \$2.65bn

1 New Zealand Dollar equals 4.0 Chinese Yuan

About Bright Food Group

- Founded in August 2006, Bright Food (Group) Co., Ltd. (referred to as “Bright Food”) is a multinational food and beverage manufacturing company headquartered in Shanghai, China. It is the largest China-based food manufacturing company and is owned by the Shanghai Government
- Bright Food has four listed subsidiaries (Bright Dairy & Food Co., Ltd., Shanghai First Provisions Store Co., Ltd., Shanghai Maling Aquarius Co., Ltd. and Shanghai Haibo Co., Ltd)
- Bright Food either directly or through its subsidiaries manages 800 Hyper Market and 8,000 retail stores in total across China. In addition, it currently supplies product through its distribution network to over 60,000 third party supermarkets and stores throughout China
- Bright Food collaborates with a number of major global retailers in China including Tesco China, Carrefour China, Walmart China and Bailian Group.