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Meiji exits China dairy business as AustAsia acquires drinking milk, yogurt and B2B operations

Meiji Divests China Dairy Operations to AustAsia Amid Mounting Market Pressures

Japanese food and dairy major Meiji Co., Ltd. has agreed to transfer its China dairy business to Shanghai AustAsia Food Co., Ltd., a subsidiary of AustAsia Group Ltd., marking a significant restructuring of its operations in one of Asia's largest dairy markets. The divestment covers Meiji's drinking milk, yogurt and business-to-business (B2B) dairy operations, reflecting the company's decision to redirect resources toward businesses offering stronger long-term growth and profitability.

The transaction includes the transfer of equity interests in Meiji's operating entities in China, including its manufacturing facilities in Tianjin and Suzhou. AustAsia confirmed that the acquisition will be completed at a base consideration of RMB 320 million (approximately $ 47.01 million), with post-closing adjustments that could raise the total transaction value to RMB 350 million (approximately $ 51.42 million). The acquisition strengthens AustAsia's downstream dairy processing capabilities while expanding its footprint in China's competitive fresh dairy segment.

The decision follows several years of financial underperformance for Meiji's China dairy operations. Meiji (China) Investment Co., Ltd. generated RMB 1.28 billion ($ 188.64 million) in sales during 2025, but losses continued to widen sharply. The company's operating loss reached RMB 1.04 billion ($ 152.79 million), compared with RMB 643 million ($ 94.47 million) in 2023 and RMB 487 million ($ 71.55 million) in 2024, underscoring the mounting pressure on profitability despite maintaining a sizeable revenue base.

Performance at the manufacturing level also reflected the difficult operating environment. Meiji's Tianjin facility recorded net sales of RMB 131 million ($ 19.25 million) while reporting an operating loss of RMB 50 million ($ 7.35 million). The Suzhou production base experienced an even steeper deterioration, with sales declining to RMB 259 million ($ 38.05 million) and posting an operating loss of RMB 101 million ($ 14.84 million) after having remained profitable in the previous year. The weakening financial performance at both facilities highlighted the structural challenges facing the company's China dairy business.

Meiji attributed its decision to fundamental changes reshaping China's dairy industry. The company cited shifting consumer preferences, evolving retail and distribution channels, increasingly intense market competition, and persistently high raw material and logistics costs as key factors eroding profitability. Against this backdrop, Meiji has chosen to concentrate capital and management resources on businesses where it sees stronger competitive advantages, particularly its global chocolate and confectionery operations.

Although Meiji is exiting direct dairy operations in China, it will continue to oversee trademark licensing for the transferred business to safeguard product quality and maintain brand standards. This arrangement allows the company to preserve the value of the Meiji brand in the Chinese market while reducing its operational exposure. The transaction represents another example of multinational food companies reassessing their presence in China's increasingly competitive consumer market. For AustAsia, the acquisition provides an opportunity to expand its dairy processing portfolio and strengthen downstream integration, while for Meiji it marks a strategic shift toward a more focused business model centred on higher-margin product categories.