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Delfi Limited and Japan's Yuraku Confectionery Company forms strategic alliance for Indonesia

- *In a 60/40 joint venture, Delfi and Yuraku will produce, market and sell a range of chocolate snack products under the "Delfi" Masterbrand in Indonesia.*
- *Delfi and Yuraku believe the complementary combination of each partner's respective strengths will contribute significantly to the JV's success.*

SINGAPORE – 21 April 2017 – SGX-Mainboard listed Delfi Limited ("**Delfi**") and Japan's Yuraku Confectionery Company Ltd. ("**Yuraku**") wish to announce today the signing of a Joint Venture Agreement (the "**Agreement**") that will see the formation of a Joint Venture Company ("**JVC**") in Singapore to produce, develop, market and sell a range of chocolate snack products in Indonesia under the "Delfi" masterbrand ("**Products**").

The JVC will be named Delfi Yuraku Pte Ltd and will be the holding company of an operating entity to be incorporated in Indonesia which will produce, market and sell the Products in Indonesia.

The JVC's majority shareholder will be Delfi with a 60% share, while Yuraku will hold the remaining 40%. The total initial capital commitment shall be agreed between Delfi and Yuraku and is estimated at between US$5 million and US$7 million, which will be utilised by the JVC to establish manufacturing and sales & marketing capabilities to develop the business in Indonesia, and fund the initial operations, working capital requirements and other operating expenses. Delfi's local distribution arm in Indonesia will be appointed as its exclusive distributor of the Products in Indonesia.

Delfi's CEO, Mr. John Chuang, said: *"We are very excited about this alliance with Yuraku as it will allow us to extend the breadth of our portfolio of snacking products, which is enjoying increasing consumer demand due to the attractiveness of these products because of lower price points, convenience and lighter products. We believe the JVC's products, when launched, will fit this perfectly with the growth potential for the products in Indonesia driven by the relatively young and growing population and its suitability for both the modern and traditional trade channels".*

Delfi and Yuraku believe that the synergistic and complementary combination of each partner's respective strengths will contribute significantly to the success of the JVC over the longer term. Delfi brings strong sales, marketing and distribution capabilities together with extensive market knowledge. It has successfully built a dominant portfolio of chocolate confectionery brands and enjoys a leading market position in Indonesia's retail chocolate market.

Mr. Chuang added: *"A key advantage that the JVC already has is that both parties are aligned in the vision of creating a successful partnership. This combined with the expertise and infrastructure that the JVC can tap on right from the beginning gives me significant confidence in the long term potential of the business. We believe that with the combination of the respective strengths of both companies, we will be able to minimise the risks of entering into this product category while maximising the value brought by both companies. I am pleased to be working with Mr. Kawai and his talented team and I believe this will also pave the way for both parties to work together in other areas"*.

Yuraku, with its knowledge and manufacturing expertise of the Products, will be responsible for helping the JVC to establish its manufacturing capabilities in Indonesia, as well as training the production team that will be employed. In addition, Yuraku, which has successfully developed the popularity of its products in its other markets, will play an integral role to guide the JVC to do the same in respect of the Products in Indonesia.

Mr. Kawai, President of Yuraku Confectionery Company, said: "*I fondly remembered my first meeting with Mr. John Chuang and the Delfi team eight years ago when I was cordially invited for a tour of their production facility in Indonesia. I came away very impressed with not only the excellent facilities but also the talented and well trained team. This experience left me with the feeling that we should work together with Mr. Chuang and his team".*

He further added: *"Over that time, I was very pleased to see both our companies continuing to grow with Yuraku's products experiencing a boom in Taiwan. Both teams maintained contact and in fact strengthened our relationship which has today culminated in the signing of this Joint Venture agreement. Taking advantage of both companies' strengths, I am convinced that our partnership can create tasty and unique products for the people in not only Indonesia but possibly other Asian countries*".

The launch of the JVC is subject to the customary approvals, including regulatory approvals.

The transaction is not expected to have any material impact on the earnings of Delfi for the financial year ending 31 December 2017. None of the directors and substantial shareholders of Delfi have any interest, direct or indirect, in the aforesaid transaction.

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ABOUT DELFI LIMITED

Headquartered in Singapore and listed on the SGX-ST since 5 November 2004, Delfi Limited and its subsidiaries (the "Group") manufactures and/or distributes branded consumer products that are sold in over 17 countries including Indonesia, Singapore, Malaysia, Hong Kong, Australia, Thailand, the Philippines and China.

Formerly called Petra Foods Limited until an official name change that took effect on 9 May 2016, Delfi has an established portfolio of chocolate confectionery brands which are household names in Indonesia. Its flagship brands in Indonesia include "SilverQueen" and "Ceres" that were introduced in the 1950s and "Delfi" in the 1980s. In addition, the Group also distributes a portfolio of well-known agency brands in Indonesia, Malaysia and the Philippines.

The Group was awarded the top spot in the annual Singapore Enterprise 50 Award in 2003 and was recognised as the "Best Newly Listed Singapore Company in 2004" in AsiaMoney's Best Managed Companies Poll 2004. It was named the "Enterprise of the Year 2004" by the 20th Singapore Business Awards on 30 March 2005 and was named one of "Singapore's 15 Most Valuable Brands" in November 2005 by IE Singapore.

Over the years, Delfi Limited has clinched awards in various categories at the annual Singapore Corporate Awards. The Group won a Silver award for its inaugural annual report in the "Best Annual Report/Newly Listed Company" category in 2006. In April 2009, it clinched a Gold award in the "Best Annual Report/Companies with $300 million to less than $1 billion in market capitalisation" category. In May 2010, it bagged two Silver awards for "Best Managed Board" and "Best Investor Relations" under the "companies with $300 million to less than $1 billion in market capitalisation" category. In 2015, the Group begged a Bronze award for "Best Managed Board" under the "companies with S$1 billion and above in market capitalisation" category.

Delfi Limited's Chief Executive Officer, Mr John Chuang, was also recognised for his leadership and management of the Group. He was named "Best Chief Executive Officer" at the 2011 Singapore Corporate Awards, "Businessman of the Year" at the 2012 Singapore Business Awards and he was one of the recipients of the SG50 Outstanding Chinese Business Pioneers Awards in 2015.

ABOUT YURAKU CONFECTIONERY COMPANY LIMITED

Yuraku Confectionery Company was originally founded in 1955 by the father of current President Mr. Tomoharu Kawai producing wafer products. It currently operates three production facilities in Japan with staff strength of over 300. Yuraku's flagship product, the "BLACK THUNDER" product was first produced in 1994 and was conceived as an easily marketable chocolate covered cookie bar with three popular components and at a reasonable price. Another of Yuraku's products is the "BIG THUNDER" which is a cocoa-flavoured cookie bar mixed with Japanese-style rice puffs, coated with chocolate. Starting in 2008, Yuraku began developing and making variants of "BLACK THUNDER", which included the "BIG THUNDER" product.

Issued by August Consulting on behalf of **Delfi Limited**

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