



JAPFA LTD

391B Orchard Road, #18-08, Ngee Ann City Tower B, Singapore 238874
Tel: (65) 6735 0031 Fax: (65) 6735 4465
Company Registration No: 200819599W

PRESS RELEASE

Japfa strengthens poultry operations in Myanmar

- ***Acquires remaining 15% of Japfa Comfeed Myanmar to reap full benefits of the fast-growing poultry market in Myanmar***

Singapore, 2 February 2015 – Leading agri-food company, **Japfa Ltd** (“Japfa”, or together with its subsidiaries, the “Group”), has taken steps to strengthen its poultry operations in Myanmar, as part of its efforts to seize business opportunities in this fast-growing market.

Its wholly-owned subsidiary Japfa Myanmar JV Pte Ltd – which currently holds 85% of Japfa Comfeed Myanmar Pte Ltd (“JCMA”) – has entered into a conditional share purchase agreement (“SPA”) with Best Livestock Limited, an unrelated third party, to acquire the remaining 15% of the issued share capital of JCMA (the “Acquisition”). Following the Acquisition, JCMA will be a wholly-owned subsidiary of the Group.

The consideration for the Acquisition is US\$5.7 million and was arrived at on a willing-buyer, willing-seller basis. A refundable deposit of US\$1.0 million will be paid on or around 2 February 2015 and the remaining US\$4.7 million will be paid upon completion of the SPA, after all conditions precedent have been satisfied, the primary condition being the approval of the Myanmar Investment Commission.

As at 30 September 2014, JCMA had a net profit of US\$9.6 million and net assets of US\$19.5 million.

SUCCESSFUL REPLICATION OF INDUSTRIALIZED, VERTICALLY INTEGRATED BUSINESS MODEL

Backed by over 40 years of experience, Japfa is one of the two largest producers of poultry and poultry feed in Indonesia. It has successfully replicated its industrialized, vertically integrated business model for poultry production in Vietnam, Myanmar and India.

In Myanmar, JCMA currently operates a vertically integrated poultry business ranging from feedmills, poultry breeding farms and hatcheries, to commercial and contract farms. JCMA is one of the largest private feed mill players in Myanmar where the majority of industry players are small-scaled. JCMA is also well-established in major townships such as Yangon, Mawlamyine and Mandalay where there is a strong pool of customers.

“A change in the Myanmar regulations has created an opportunity for the Group to fully own its Myanmar operations and reap the full benefits of this fast-growing poultry market. By replicating our Indonesian poultry business model, we now enjoy a first-mover advantage and hold a leading market position for poultry in Myanmar,” explained Mr Tan Yong Nang, Chief Executive Officer of Japfa.

For the nine months ended 30 September 2014 (“9M 2014”), Japfa’s Myanmar operations contributed a revenue of US\$57.0 million. Although Myanmar’s operations currently produce less than 5% of the Group’s total poultry and poultry feed production volumes, they contributed approximately US\$8.0 million or 17% of the Group’s total core PATMI without biological assets¹ in 9M 2014.

According to Frost & Sullivan², Myanmar has seen a steady rise in per capita poultry meat consumption. The per capita poultry meat consumption grew at a compounded annual growth rate (“CAGR”) of 3.8% from 2008 to 2013. Frost & Sullivan also forecasts the per capita consumption to increase at a CAGR of 3.3% from 2013 to 2018. The rapid growth of the poultry industry in Myanmar has been driven by macroeconomic factors such as increasing disposable income, demographic changes and rising rates of urbanization.

Elaborating on the Group’s plans in Myanmar, Mr Tan said, “Our poultry operations in Myanmar are a small but growing part of Japfa’s business. We built a new feed mill in 2014 and will continue to invest strategically to expand our operations there. In the long run, we intend to also replicate our Indonesian consumer food business model in Myanmar. We believe there is growth potential for consumer foods in Myanmar, due to the high value-add nature of this business, our competitive advantage resulting from our vertical integration and the shifting preferences of consumers.”

###

ABOUT JAPFA LTD.

Japfa Ltd is a leading agri-food producer focused on feeding emerging Asian markets. The Group produces protein staples such as chicken, beef and milk, as well as protein-based consumer food products. From its headquarters in Singapore, Japfa operates its businesses in the fast growing economies of Indonesia, China, India and Indo-China. Backed by two generations of farming experience, it operates industrial-scale farms which are vertically integrated with its downstream food processing operations.

This press release is issued on behalf of Japfa Ltd by Kreab Gavin Anderson. For media queries, please contact:

CHIN May Nah / Stella TAN / YAP Meng Lee

Email: mchin@kreab.com / sttan@kreab.com / myap@kreab.com

Phone: +65 6339 9110

¹ Adjusted profit attributable to owners of the parent, excluding fair value changes of biological assets

² According to Frost and Sullivan’s Industry Report set out in Appendix F of the Prospectus – “Independent Market Research on Selected Food Markets in Indonesia, China, India, Vietnam and Myanmar”, 11 June 2014.