

(Translation)

January 8, 2016

Dear Sirs,

Name of the Company: NH Foods Ltd.

Representative: Juichi Suezawa  
President and Representative Director

(Code No. 2282, First Section of the Tokyo Stock Exchange)

Person to contact: Shigeru Nakajima  
Executive Officer, General Manager of  
Public & Investor Relations Department,  
Corporate Management Division

### **Notice of Capital and Business Alliance with Lay Hong Berhad of Malaysia**

It is hereby notified that NH Foods Ltd. (the "Company"), at the meeting of its Board of Directors held on January 8, 2016, adopted a resolution to enter into an agreement (the "Subscription Agreement") to subscribe for the shares to be issued upon a capital increase through third-party allotment (the "Capital Increase") by Lay Hong Berhad (listed on the Malaysia Stock Exchange; Head office: Klang, Selangor; Representative: Mr. Yap Hoong Chai, the "Lay Hong"), a leading company of integrated poultry farming business in Malaysia, as well as a memorandum of understanding (the "Memorandum") on the basic agreement to establish a joint venture (collectively, the "Capital and Business Alliance"), with Lay Hong, as described below:

#### Description

##### 1. Reasons for the Capital and Business Alliance:

The NH Foods Group (the "Group") aims to become the world leader in delivering the "Joy of Eating" by carrying out its business, to realize its Group Brand Statement, "The Brilliance of People for the Future of Food". In its current "New Medium-Term Management Plan Part 5" (from April 1, 2015 through March 31, 2018), the Group, under the theme of "Creating a stable business model through reform", declares "Accelerate to a global company" as one of its management policies, and is striving to expand overseas businesses.

Lay Hong, as a leading company of integrated poultry farming business in Malaysia, has achieved a strong brand power through its long-lasting experience and track record and has been highly evaluated in its neighboring countries.

While the Company is developing its presence in Southeast Asia where demand is expected to expand, it has continued negotiations with Lay Hong. Now both parties have agreed that the Company will subscribe for the Capital Increase and that they will engage in concrete discussions toward the establishment of a joint venture for high-value added

processed foods business.

Both parties believe that the Capital and Business Alliance, which is expected to develop business by utilizing their respective management resources and strengths under their strong cooperative framework, will contribute to enhancing their corporate values.

2. Content of the Capital and Business Alliance, etc.:

(1) Content of the Capital and Business Alliance:

Based on the strong cooperative framework with Lay Hong as a result of the subscription for the Capital Increase, both parties will establish a joint venture to engage in manufacture and sale of high-value added processed foods. For the business operations of the joint venture, both parties will utilize the Company's strengths, such as product development capabilities and manufacturing and quality control know-how, as well as Lay Hong's logistics and distribution functions.

(2) Prices for the acquisition of the shares of the counterparty to be acquired:

Pursuant to the Subscription Agreement, the Company will subscribe for 5,250,000 shares (the shareholding ratio of the Company will be 9.09% (see Note)) of common stock of Lay Hong for MYR 5.81 per share, totaling MYR 30,502,500. The numbers of shares and shareholding ratio before and after the Capital Increase are as follows:

Company name	Number of shares held before the Capital Increase	Number of shares to be subscribed for in the Capital Increase	Number of shares to be held after the Capital Increase
NH Foods, Ltd.	0 share (0.00%)	5,250,000 shares	5,250,000 shares (9.09%)

Note: The shareholding ratio after the Capital Increase is calculated based on 52,500,000 shares, the total number of issued shares of Lay Hong as of January 8, 2016, plus 5,250,000 shares expected to be subscribed for by the Company.

(3) Outline of the joint venture:

The joint venture will be established in Malaysia, with 51% stake by the Company and 49% stake by Lay Hong. Other details remain undecided and will be determined upon concrete discussions and consultations between both parties.

3. Outline of the counterparty to the Capital and Business Alliance:

(1)	Trade name	Lay Hong Berhad		
(2)	Location	Klang, Selangor, Malaysia		
(3)	Representative's name and title	Mr. Yap Hoong Chai, Executive Chairman		
(4)	Main business	Integrated poultry farming business		
(5)	Capital	MYR 52,500,000		
(6)	Establishment	September 1983		
(7)	Shareholders and shareholding ratios	Mr. Yap Hoong Chai: 42.6% (including indirect holdings)		
(8)	Relationships between the Company and Lay Hong	Capital relationship	The Company has no capital relationship with Lay Hong required to be stated. No associated person or company of the Company has any capital relationship with any associated person or company of Lay Hong required to be specifically stated.	
		Personnel relationship	The Company has no personnel relationship with Lay Hong required to be stated. No associated person or company of the Company has any personnel relationship with any associated person or company of Lay Hong required to be specifically stated.	
		Business relationship	The Company has no business relationship with Lay Hong required to be stated. No associated person or company of the Company has any business relationship with any associated person or company of Lay Hong required to be specifically stated.	
		Related party status	Lay Hong does not fall under the category of related party of the Company. Any associated person or company of Lay Hong does not fall under the category of related party of the Company.	
(9)	Business results and financial positions of Lay Hong for the most recent three fiscal years on a consolidated basis	(millions of MYR unless otherwise stated)		
	Fiscal year ended	March 31, 2013	March 31, 2014	March 31, 2015
	Net assets	134	142	161
	Total assets	393	420	427
	Net assets per share (MYR)	2.255	2.401	2.691
	Net sales	521	579	672
	Operating income	(17)	18	37
	Income before income taxes	(23)	10	28
	Profit attributable to owners of the parent	(18)	7	19
	Earning per share attributable to owners of the parent (MYR)	(0.3575)	0.1438	0.3707
	Dividend per share (MYR)	-	0.05	-

For reference: Reference exchange rate by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of January 8, 2016: MYR1 = JPY 26.90

4. Time schedule:

(1) Resolution of the Board of Directors	January 8, 2016
(2) Conclusion of the Subscription Agreement	January 8, 2016
(3) Conclusion of the Memorandum	January 8, 2016
(4) Share allotment date	January 20, 2016 (expected)
(5) Conclusion of the joint venture agreement	undecided
(6) Commencement of business of the joint venture	undecided

5. Future outlook:

The effect of the Capital and Business Alliance on the Company's consolidated business results for the fiscal year ending March 31, 2016 is expected to be insignificant. However, the Company believes that it will contribute to increasing its business results and corporate value on a medium- and long-term basis.

The outline and time schedule of the joint venture will be announced promptly when decided.

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(For reference) Forecast of consolidated business results for the current year ending March 31, 2016 (publicized on October 30, 2015) and the consolidated business results for the previous year:

	Net sales	Operating income	Income before income taxes and equity in earnings of associated companies	Earnings per share attributable to NH Foods Ltd. shareholders (basic)
Forecast of consolidated business results for the year ending March 31, 2016 (April 1, 2015 through March 31, 2016)	1,260,000	43,000	40,000	27,500
Consolidated business results for the previous year ended March 31, 2015 (April 1, 2014 through March 31, 2015)	1,212,802	48,444	44,544	31,048