

December 18, 2012

Sojitz Corporation
Koyushokucho Co., Ltd.

Sojitz Begins Study on Entering Broiler Business in Vietnam

- Japanese Technology and Expertise to Be Employed in Responding to Growing Demand -

Sojitz Corporation and Koyushokucho Co., Ltd., Japan's one of the largest broiler integrator, have entered into an agreement with Unitek Enterprise Pte. Ltd. to conduct a feasibility study on entering the broiler poultry business in Vietnam. In the Vietnamese meat market, pork accounts for approximately 80% of the total meat consumption, but the government's master plan calls for increased poultry production in response to growing consumption. Poultry production is expected to double from 220 million birds in 2010 to 450 million birds in 2020.

After verifying the feasibility of the business through chick production, farming, processing, and sale on a pilot scale in the vicinity of Ho Chi Minh City, a joint venture company will be established by the end of 2013. Initial target of production and sales will be 12 million birds per year, and its production and sales volume will be expanded to reach 30 million to 50 million per year in the future.

Sojitz has already entered the flour milling and grain trading business in Vietnam by acquiring a 20% stake in Interflour Vietnam Ltd. (IFV), Vietnam's largest milling company, which owns a largest grain terminal in ASEAN. Through its competitive port, Sojitz is bringing grain and feed grain into Vietnam. Sojitz extends its business field to the down-stream to create a feed and livestock supply chain, through measures including the start of feed production in February 2013 by Sojitz Kyodo Feed Company Ltd. (Sojitz owns a 51% stake), a compound feed company based in Long An Province that possesses unique technology and will use its special-purpose grain port, as a logistics base. Sojitz also acquires a controlling stake (51%) in Huong Thuy Manufacture Service Trading Corporation, the Vietnam's largest food retailers, and is responding to vigorous consumer demand.

The entry into the broiler poultry business is an expansion into a new field for Sojitz, and synergy effects from being an early entrant in the market are expected. Supply of high-quality compound feed that can raise poultry production efficiency by KSF in the future is also under consideration.

Koyushokucho has approximately 10% share of the Japanese poultry market and uses advanced poultry business expertise from production to sales to conduct integrated poultry business operations. With and outlook for future growth of the poultry market in Vietnam, Koyushokucho decided to become the first Japanese poultry company to enter into the Southeast Asian market.

Unitek Enterprise established a poultry processing business at the LOTEKO Industrial Park in Dong Nai Province (Sojitz acquired a 60% stake in the park in 2003). Unitek Enterprise has affiliated farms, is involved in poultry farming, and engages in poultry chick breeding. The company also conducts poultry processing and sales in Vietnam and has one of the largest poultry processing plants in the country (processing capacity is 40,000 birds per day).

Sojitz and Koyushokucho are looking to develop business in various Asian countries based on their operations in Vietnam, and by optimizing the Sojitz Group's global network and Koyushokucho's business expertise from production to sales, we seek to become the leading businesses in the field in Asia.

###