



Fujian Sunner Development Announces Closing of KKR's Strategic Investment

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Partnership will provide safe and high-quality chicken in China

FUJIAN, China--(BUSINESS WIRE)-- Fujian Sunner Development Co. Ltd. ("Sunner" or the "Company") (SZE stock code:002299), a leading vertically integrated chicken meat producer in China, and global investment firm KKR announced the closing of KKR's strategic investment. KKR invested approximately \$400 million in Sunner for an 18% stake at RMB 12.3 per share (USD 2.0 per share).

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Sunner and KKR's new strategic partnership will expand the Company's operations to provide safe chicken products to increasingly discerning Chinese consumers who seek high-quality meats. The two will partner in supporting the company's growth by leveraging Sunner's industry knowledge and specialist expertise with KKR's global and local agricultural investment experience and network.

Sunner is China's largest breeder, processor and supplier of chicken products, providing fresh and frozen chicken for China's fast food industry, food manufacturing industry and meat wholesale markets. Through its vertically integrated facilities, Sunner has oversight of the full production chain, ranging from chicken farming to the management of feed mills to processing, which better ensures safe and quality food products and meet high environmental standards.

Since the strategic investment was first announced in August 2014, Sunner has strengthened and expanded its premium customer base. It was selected as one of the five local-market direct suppliers – and the only Chinese supplier – of chicken meat to McDonald's, which sets one of the industry's highest standards for food safety and quality. The Company has also been recognized as a key model for food safety in China, ranking as a top-ten food safety enterprise for the fourth consecutive year by the central government's 12th annual Food Safety Conference.

Sunner aims to increase its production volume by 30% in 2015, and more than double its current production capacity to 750 million heads of white feather chicken by 2019. The expansion plan is a testament to Sunner and KKR's confidence in Chinese consumer demand for high-quality chicken meat, despite the current chicken price at a cyclical low. To enhance the local supply and demand balance, China has decreased its grandparent chicken imports – the major genetic source of bred white feather chicken for the country – by approximately 30% since 2014¹. The Company is confident of the business' future profitability under a normalized market cycle.

Fu Guangming, Chairman of Sunner, said, "We welcome KKR as a world-class investor to support Sunner's growth. KKR has done a number of successful investments in China's agriculture and food safety space. We believe they will bring great agricultural experience and management expertise to this partnership and together we look forward to enhancing Sunner's ability to meet China's demand for healthy chicken products."

"We recognize Sunner's achievements and growth potential given consumers' demand for safe chicken in China. We are honored to partner with a company of this caliber and are excited to advance our own commitment in creating a safer and more secure food supply in China," said David Liu, Member of KKR, Co-Head of KKR Asia Private Equity and CEO of KKR China.

"Sunner's strong management team, excellent track record and ability to ensure chicken quality and health all enable it to be a unique solutions provider to the food safety threats facing China's animal protein sector. We look forward to being part of the next step of Sunner's development," added Julian Wolhardt, Member of KKR.

Along with the equity investment, KKR and Sunner entered into a strategic cooperation agreement and will form a joint working group to drive value in operational improvement, corporate governance and other strategic initiatives.

About Fujian Sunner Development

Fujian Sunner Development Co. Ltd. is listed on the Shenzhen Stock Exchange (Sunner Development, SZE stock code:002299), dedicated to white feather broiler production for over 30 years. It owns the largest vertically integrated modernized chicken farms, feed mills and processing plants in China, with the highest level of modernization in the industry.

Sunner successfully realizes the traceability of its products to guarantee the food safety by leveraging its fully integrated production chain, and becomes the strategic cooperative partners of many distinguished customers due to its high quality and stable supply. It is the chicken meat supplier of 2008 Beijing Olympic Games, 2010 Shanghai Expo and 2010 Guangzhou Asian Games.

About KKR

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its

partners' capital and brings opportunities to others through its capital markets business. KKR seeks to combine its global resources and network with local expertise to assist its investment companies by bringing value?add beyond capital. KKR's China efforts and team highlight this approach, as they have invested through different economic cycles and in a number of market leading companies in China. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at www.kkr.com.

¹ Source: China Animal Agriculture Association

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