



## KKR Completes Investment in Yuehai Feed Group

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Partnership promotes safe fish feed production in China

GUANGDONG, China--(BUSINESS WIRE)-- Leading global investment firm KKR has completed an investment in Yuehai Feed Group Co. Ltd. ("Yuehai" or the "Company"), a leading aquatic feed company in China focused on providing feed and nutrition solutions for shrimp and seawater fish farming. Yuehai and KKR are partnering to expand the Company's operations and provide safe and high-quality aquatic feed to the country's large base of fishery farmers and suppliers to better meet the demand of Chinese consumers for safe and healthy animal protein options.

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Yuehai is the largest manufacturer of high-end special aquatic feed products in China by market share according to China Feed Industry Yearbook, with a primary focus on shrimp feed and seawater fish feed. Yuehai aims to capture growth opportunities in the large and evolving freshwater fish feed sector as the industry experiences technology upgrades. This includes a transition from raw frozen fish and traditional pellet feed to more advanced floating puffed feed due to its higher conversion efficiency and environmentally friendly qualities. Puffed feed outgrew the overall industrial feed sector at a compound annual growth rate ("CAGR") of 18% from 2008 to 2014, according to the Industry Yearbook.

According to Food and Agriculture Organization of the United Nations, China has experienced rising aquatic consumption with a faster growth than other forms of animal protein, driven by rising incomes and improved health awareness. However, China's per capita annual aquatic consumption of 35 kilograms is still lower than its Asian neighbors Japan and South Korea, both at over 50 kilograms.

This demand comes as China implements stricter aquatic capture, production and feed policies to ensure high food safety, quality and environmental standards across the industry. China's new Food Safety Law and Environmental Law, both effective in 2015, include enforcing the reduction of raw frozen fish as aquatic feed, enhancing the management and oversight of antibiotics in feed, and enforcing the use of more environmentally friendly equipment and production practices. The policies are poised to benefit larger, industrialized feed producers such as Yuehai that have full oversight of the feed production process.

Zheng Shixuan, Chairman & CEO of Yuehai, said, "High quality feed is critical to ensuring nutritious value of shrimp and fish and safeguarding them from disease. Given the strong and rising demand for fishery consumption in China, it is a pivotal time for us to expand and provide healthy aquatic feed to the market. We believe KKR will become a truly value-added partner to Yuehai, and their deep expertise in food safety space in China will help us achieve these goals."

David Liu, Member of KKR, Co-Head of KKR Asia Private Equity & CEO of KKR China added, "KKR has maintained a strong commitment to helping address the growing demand for a safer and more secure food supply in China. Our partnership with Yuehai is in line with this objective, and we look forward to providing healthy feed products to China's aquatic farmers alongside this experienced and capable management team."

"Yuehai is the leader in the high-end special aquatic feed industry, and is well positioned to grow and capture new opportunities. We have been impressed by Yuehai's leading technology, innovative practices and extensive expertise in the feed space. With KKR's deep knowledge and experience in China's agriculture and food sector, I am confident in our collective ability to provide high-quality products to an increasingly discerning customer base," said Julian Wolhardt, Member of KKR.

This is KKR's fifth partnership in working with leading Chinese companies in advancing food safety and security in China. Other industry leaders in which KKR is now partnering include Modern Dairy, Asia Dairy, COFCO Meat and Sunner Development.

KKR's investment is through its China Growth Fund. Further details of the transaction are not disclosed.

### About Yuehai

Based in Zhanjiang, Guangdong, Yuehai Feed Group Co. Ltd. has been dedicated to aquatic feed production for more than 20 years, and currently the largest player in special aquatic feed segment in China. The Company mainly focuses on high-end shrimp feed and saltwater fish feed, and has also developed a meaningful presence in the freshwater fish feed segment. Its total annual production capacity has reached over 1 million tons.

Yuehai is well-known for its high-tech and premium quality products in the industry, and has won awards including "China AAA+ Quality Enterprise", "Guangdong High-tech Products". The Company has formed close and long-term relationship with customers through an extensive sales network and comprehensive technology services. Yuehai is dedicated to promote food safety and environmentally friendly farming in China's aquatic industry.

## 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](http://www.kkr.com).

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