



JB Foods Limited

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PRESS RELEASE

JB Foods Limited, one of the major cocoa ingredient producers in Malaysia, to list on Mainboard of SGX-ST

- *Offering 100,000,000 Invitation Shares at S\$0.30 each*
- *Plans to expand production capacity from 60,000 tonnes currently to 85,000 tonnes of cocoa bean equivalent per year by FY2013*
- *Plans to recommend and distribute not less than 30.0% of net profit attributable to Shareholders for FY2012*

SINGAPORE, 13 July 2012 – One of the major cocoa ingredient producers in Malaysia, **JB Foods Limited** (“**JB Foods**” together with its subsidiary, JB Cocoa Sdn Bhd (“**JB Cocoa**”), the “**Group**”), is launching its initial public offering (“**IPO**” or “**Invitation**”) of 100,000,000 shares comprising 84,000,000 New Shares and 16,000,000 Vendor Shares at S\$0.30 each (“**Invitation Shares**”) in conjunction with its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

AmFraser Securities Pte. Ltd. (a member of AmInvestment Bank Group) and **Canaccord Genuity Singapore Pte. Ltd.** (formerly known as Collins Stewart Pte. Limited) are the **Joint Issue Managers, Underwriters and Placement Agents** for the IPO.

The IPO consists of a placement tranche (the “**Placement**”), as well as an offer to the public in Singapore (the “**Offer**”). The Placement size is 97,000,000 Shares and the Offer size is 3,000,000 Shares. The Invitation Shares represent 25.0% of the Group’s enlarged share capital of 400,000,000 Shares immediately post-IPO. The IPO will close at 12.00 noon on 19 July 2012. Trading of JB Foods’ shares is expected to commence on a “ready” basis on 23 July 2012.

Dividend Payout

The Directors intend to recommend and distribute at least 30.0% of the Group’s net profits attributable to Shareholders as dividends for FY2012.

About JB Foods

Founded in the 1980s, the Group started as a processor of wet cocoa beans to dry cocoa beans. Today, the Group is one of the major cocoa ingredient producers in Malaysia, with a production capacity of 60,000 tonnes of cocoa bean equivalent per year. In FY2010, the Group’s market share in Malaysia –

based on revenue – was 13.3%¹, and its cocoa bean processing accounted for 14.6%² of the total cocoa beans processed in Malaysia.

The Group's principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake. Cocoa powder and cocoa butter are the two key products that account for more than 90.0% of the Group's revenue in the last three financial years ended 31 December 2011.

The Group's cocoa processing plant is located at the Port of Tanjung Pelepas ("PTP"), a free trade zone in Johor Bahru, Malaysia, and all of the Group's products are manufactured under stringent food safety standards and sold primarily under the "**JBCOCOA**" brand name.

The Group exports its products worldwide to customers ranging from international trade houses to end users, such as food and beverage and confectionery manufacturers. These include Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Nestlé Philippines, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Godrej Hershey Ltd. and Arcor Saic.

The production facility has also received a number of accolades and certifications – ISO 9001:2000 certification, HACCP certification, Kosher and Pareve certification, Halal certification, Best Cocoa Grinder Award 2010, and a certificate of appreciation for being the finalist of the Malaysian Commodities Industry Award 2011 for Best Manufacturing Factory.

High priority on product quality and manufacturing processes

Testament to its commitment in ensuring quality standards in its manufacturing processes, JB Foods has in place internationally-recognised operating standards such as an ISO 9001:2008-certified quality management system and HACCP-certified quality assurance program. The Group's quality control laboratories – such as bean lab, quality control lab, microbiology lab and sensory lab – also help to maintain food safety standards and ensure overall product quality.

Existing product development capabilities

Over the years, the Group has developed and honed its production techniques and process control systems to improve quality and optimise the capacity and efficiency of its production facility.

¹ Computed as a percentage of JB Cocoa's revenue over the total revenue of all the cocoa processing companies in Malaysia with cocoa grinding licenses.

² Extracted from the "Independent Market Research Report on the Cocoa Processing Industry" by Frost & Sullivan Malaysia Sdn Bhd dated May 2012.

Mr Tey How Keong (郑好强), Chief Executive Officer of JB Foods explains: “We are firm believers in innovation and the Group places a strong emphasis on product development. With our ability to provide customisation of cocoa ingredient products, in particular, cocoa powder, we are able to fulfill the varied requirements of our customers. We have the technical know-how, proprietary methods and expertise in blending in order to produce products of high quality and in a consistent manner.”

“Producing cocoa powder of high quality and in a consistent manner in terms of flavor and colour has earned us a strong reputation amongst global customers. This can only be achieved through experience and time spent in the industry, which cannot be easily replicated over a short period of time,” added Mr Tey.

Wide customer base and long-term relationships with customers and suppliers

JB Foods has developed a marketing and distribution operation with a wide network to serve its end customers worldwide. The Group has also built long-term relationships with its customers based on its track record of providing quality products and services and it believes that good working relationships with reliable suppliers is important to ensure that the delivery of its cocoa beans supplies is always on time and of good quality.

Strategically located within a free trade zone in Malaysia

With its production facility situated within PTP, a strategic logistics hub within a free trade zone in Malaysia, the Group is able to reduce the travel time by road and significantly reduce land logistics costs to and from the port. The Group is also able to closely monitor its containers prior to the loading onto vessels for its onward journey to other ports.

Led by an experienced management team

Underpinning JB Foods’ competitive strengths is its pool of experienced and dedicated executives, spearheaded by its Chief Executive Officer and supported by an experienced and dedicated management team who possess an appropriate mix of multi-disciplinary skills and experience that are instrumental for the growth of its business in a competitive environment in the cocoa processing industry.

Order Book

From 1 January 2012 to 17 June 2012, the Group’s order book based on confirmed orders was approximately 50,406 metric tonnes (“mt”), of which approximately 20,502 mt had been fulfilled and RM250.8 million of revenue had been recognised. The remaining orders of 29,904 mt will continue to be delivered continually on a monthly basis until the end of 2013.

Cocoa Industry Overview and Prospects³

Malaysia has been the major contributor to the total grinding volume in the Asia Oceania region since 2005. Its proximity to the cocoa bean supply in Indonesia, and new emerging markets such as China, India and Southeast Asia; as well as its skilled workers, sound infrastructure, and reputation for high standards in the cocoa industry places it in good stead to capitalise on future growth opportunities.

The Malaysian cocoa grinding industry showed healthy growth with an overall compound annual growth rate (“**CAGR**”) of 4.7% for grinding volume from 2004 to 2010. In 2010/11 cocoa year, the grinding industry in Malaysia processed an estimated 300.0 kilotonnes (“**kT**”) of cocoa beans or 7.8% of the global grinding volume, which is the fifth highest in the world after the Netherlands, Germany, United States and Cote D’Ivoire. Malaysia is a net exporter of cocoa ingredient products, with an export revenue of approximately RM3.6 billion in 2010, an increase of 27.1% from the previous year.

Worldwide, chocolate has been an important comfort food in many cultures especially in Europe and the Americas. Better processing techniques and higher product development driven by the foods industry had resulted in the increase in demand for cocoa powder, and growth is driven by emerging markets in China, India and Southeast Asia. This has paved the way for the growth of global cocoa consumption for which the CAGR from 2001/02 to 2009/10 was 2.6%. The global demand and outlook for cocoa consumption is slated to grow from 3.7 million tonnes in 2010/11 to 4.2 million tonnes by 2013/14, with an expected CAGR of 4.2% from 2010/11 to 2013/14.

This forecasted consumption growth rate can be attributed to the expected recovery in EU and US consumer spending post the economic downturn, the anticipated growth of the emerging markets in Asia and Eastern Europe as a result of increased consumer disposable income as well as increased product varieties from new applications of cocoa powder.

Growth Plans

As part of its growth plans, JB Foods intends to **expand the production capacity** of its PTP plant from 60,000 tonnes to approximately 85,000 tonnes of cocoa bean equivalent per year over the next two years. The Group observed an increase in demand of its cocoa ingredient products from Asia and Eastern Europe and expects this trend to continue, barring unforeseen circumstances.

“We will be making capacity upgrades to certain production processes in stages, such as grinding, pressing and pulverising. With our expansion planned in stages, we will be able to retain production flexibility and minimise bottlenecks as we progressively and simultaneously assess the level of demand required to support our capacity expansion,” explained Mr Tey.

³ The information in this section is extracted from the “Independent Market Research Report on the Cocoa Processing Industry” by Frost & Sullivan Malaysia Sdn Bhd dated May 2012.

Besides organic growth avenues, JB Foods also intends to expand through **acquisitions, joint ventures and/or strategic alliances**. The Group has been granted call options to acquire equity interests in PT Jebe Koko, a cocoa liquor processing facility in Maspion Industrial Estate in Gresik, Indonesia, as well as JB Kakao GmbH, a cocoa butter melting, deodorising and warehouse facility in Valluhn-Gallin, Germany. The construction of both facilities is expected to be completed by the second half of 2013. The Audit Committee will evaluate the feasibility and benefit of exercising the call options.

“With our expansion plans in place, we stand ready to capitalise on possible growth opportunities in China, India, Southeast Asia and Eastern Europe,” Mr Tey noted.

In addition, the Group intends to **further enhance its product development capability** by setting up a new product development, process improvement and product applications laboratory. This will enable the Group to improve its understanding of customers’ requirements and to better serve its customers in terms of provision of technical support and solutions to increase the application of the Group’s products.

To ensure adequate demand for its products, the Group also plans to **enhance its marketing initiatives**, especially in fast growing geographical areas such as Asia and Eastern Europe.

Financial Highlights

The Group’s revenue increased from RM386.2 million in FY2009 to RM690.6 million in FY2011, and profit attributable to owners of the Company grew from RM24.3 million to RM51.0 million during the same period, representing a CAGR of 33.7% and 45.0% respectively.

Use of Proceeds

The Group plans to use its net proceeds from the IPO for the following purposes:

- Approximately S\$8.3 million for repayment of bank borrowings, which relates to two short term bridging loans of RM9.1 million and RM11.5 million respectively, for the purposes of financing the construction of a factory and warehouse to be erected on Lot CP3B, Distripark A, Jalan Tanjung A/5, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia as well as the acquisition of production equipment and machinery; and
- Approximately S\$14.6 million for general working capital and to fund acquisitions, joint ventures and/or strategic alliances when opportunities arise.

Issued by and on behalf of JB Foods Limited

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IMPORTANT NOTICE

This Invitation is made in or accompanied by the prospectus of JB Foods Limited (the “**Company**”) dated 13 July 2012 (the “**Prospectus**”) that has been registered by the Monetary Authority of Singapore (the “**Authority**”), in relation to the Company’s initial public offering in respect of 100,000,000 Invitation Shares. Anyone wishing to subscribe for the Invitation Shares will need to make an application in the manner set forth in the Prospectus. Capitalised terms used herein, shall, unless otherwise defined, bear the same meanings assigned to them in the Prospectus.

The Prospectus is available for collection during office hours (subject to availability) from the offices of:

AmFraser Securities Pte. Ltd.
(A member of AmInvestment Bank Group)
4 Shenton Way
#13-01 SGX Centre 2
Singapore 068807

Canaccord Genuity Singapore Pte. Ltd.
(formerly known as Collins Stewart Pte. Limited)
77 Robinson Road
#21-02
Singapore 068896

and from members of the Association of Banks in Singapore, members of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and merchant banks in Singapore.

A copy of the Prospectus is also available on the SGX-ST website at <http://www.sgx.com> and the Authority’s website at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>.

These materials do not constitute an offer, solicitation, or invitation, to subscribe for the Invitation Shares in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract or commitment whatsoever. The information in these materials is qualified in its entirety by, and is subject to, the more detailed information set out in the Prospectus. Anyone wishing to subscribe for the Invitation Shares should read the Prospectus before deciding whether to subscribe for the Invitation Shares. Any decision to subscribe for the Invitation Shares should be made solely on the basis of information contained in the Prospectus and no reliance should be placed on any information other than that contained in the Prospectus.

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