Calbee, Inc.
TSE 1st Section: Code No. 2229

Transfer of Equity Interest in Chinese Subsidiary

Tokyo, November 4, 2015–Calbee, Inc. (hereafter "Calbee") today concluded an agreement to transfer its equity interest in its consolidated subsidiary Calbee (Hangzhou) Foods Co., Ltd. (hereafter "Calbee Hangzhou") to Master Kong Instant Foods Investment (China) Co., Ltd. (hereafter "Master Kong").

1. Reason for transfer of equity interest

In August 2012 Calbee established Calbee Hangzhou, a joint venture with Master Kong Instant Foods Investment (China) Co., Ltd., which is a part of Tingyi (Cayman Islands) Holding Corp., and Itochu Corporation. This joint venture aimed to expand market share and grow sales of Calbee products in the Chinese snack foods market. However, differences in the joint venture's business strategy and management policies arose between Calbee and Master Kong. Following amicable discussions, Master Kong will inherit the existing business and both Calbee and Master Kong will develop new business strategies in the Chinese snack market, where growth is anticipated. Accordingly, Calbee and Itochu Corporation will transfer all of their equity interest to Master Kong and the joint venture agreement has been dissolved.

China's snack foods market offers the best prospects of any in Asia, and there is no change in its position as an important market within Calbee's growth strategy. We will review our strategy and expect to announce a new approach in the near future.

2. Outline of subsidiary undergoing transfer

(1)	Name	Calbee (Hangzhou) Foods Co., Ltd.	
(2)	Location	China, Zhejiang Province, Hangzhou City	
(3)	Representative Director	Akira Matsumoto	
(4)	Main business	Manufacture and sale of snack foods	
(5)	Capital	RMB 126 million	
(6)	Date of establishment	August 16, 2012	
(7)	Main shareholders and ownership ratio	Calbee, Inc.	51%
		Master Kong Instant Foods Investment (China) Co., Ltd.	45%
		Itochu Corporation	4%
(8)	Relationship with Calbee	Capital relationship	Consolidated subsidiary of Calbee.
		Personal relationship	The Representative Director is Calbee's Chairman of the Board & CEO, the auditor is an Auditor at Calbee and one Director is also an Executive Officer at Calbee.
		Business relationship	Receiving funding from Calbee. There are no significant transactional relationships between people or companies affiliated with Calbee and people or companies affiliated with Calbee (Hangzhou) Foods Co., Ltd.

	Status of related parties	Consolidated subsidiary of Calbee.

(9) Business results and financial status for the past three years

Accounting period	FY2012/12	FY2013/12	FY2014/12
Net assets	RMB 120 million	RMB 71 million	RMB -0 million
Total assets	RMB 122 million	RMB 90 million	RMB 51 million
Sales	—	RMB 62 million	RMB 33 million
Operating loss	—	RMB -49 million	RMB -42 million
Ordinary loss	RMB -5 million	RMB -49 million	RMB -51 million
Net loss for the period	RMB -5 million	RMB -49 million	RMB -71 million

3. Outline of counterparty in transfer of equity interest

(1) Name	Master Kong Instant Foods Investment (China) Co., Ltd.	
(2) Location	China, Tianjin City, Binhai New Area, 3rd Street #15, 2nd Administrative Bldg., 3rd floor	
(3) Representative Director	Chen, fu pao	
(4) Main business	Services to investment businesses and businesses invested in	
(5) Capital	USD 90 million	
(6) Date of establishment	July 28, 2011	
(7) Net assets	USD 89 million	
(8) Gross assets	USD 89 million	
(9) Main shareholder and ownership ratio	Master Kong Bakery (BVI) Co., Ltd.: 100%	
(10) Relationship with Calbee	Capital relationship	There is no capital relationship between Calbee and Master Kong, nor is there any capital relationship between people or companies affiliated with Calbee and people or companies affiliated with Master Kong.
	Personal relationship	There are no personnel relationships between Calbee and Master Kong, nor are there any personal relationships between personnel or companies affiliated with Calbee and personnel or companies affiliated with Master Kong.
	Business relationship	There are no transactional relationships between Calbee and Master Kong, nor are there any material transactional relationships between people or companies affiliated with Calbee and people or companies affiliated with Master Kong.
	Status of related parties	Master Kong is not an affiliate of Calbee and no Master Kong related parties or affiliate companies are affiliated parties to Calbee.

4. Amount of equity interest transfer, transfer price and value of equity interest after transfer

(1) Value of equity interest before transfer	JPY 803 million (shareholding ratio 51.0%)
(2) Amount of impairment loss	JPY 803 million (already accounted in the fiscal year ended March 31, 2015)

(3) Amount of equity interest in transfer	JPY 0 million (shareholding ratio 51.0%)
(4) Transfer price	RMB 1
(5) Amount of equity interest after transfer	JPY － million (shareholding ratio 0.0%)

5. Timetable

Date of resolution by Board of Directors	August 26, 2015
Date of agreement of transfer of equity interest	September 21, 2015
Date of transfer of equity interest	November 30, 2015 (planned)

6. Impact on forecasts of Calbee

Due to the transfer of equity interest Calbee Hangzhou will cease to be a consolidated subsidiary of Calbee. This is not expected to have a material impact on Calbee's consolidated business results for the fiscal year ending March 31, 2016, and there are no changes to the consolidated full-year forecasts issued on May 12, 2015.

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(Reference) Consolidated forecasts for the current fiscal year (announced May 12, 2015) and results for the previous fiscal year

(Millions of yen)

	Sales	Operating income	Ordinary income	Profit attributable to owners of parent
Consolidated forecasts for the fiscal year ending March 31, 2016	240,000	28,800	28,000	15,800
Results for the fiscal year ended March 31, 2015	222,150	24,183	25,615	14,114