



FOOD EMPIRE HOLDINGS LIMITED
(Co Registration No: 200001282G)

PROPOSED SUBSCRIPTION OF NEW SHARES IN VAYHAN COFFEE LIMITED, A COMPANY INCORPORATED IN INDIA

The Board of Directors of Food Empire Holdings Limited (the "**Company**") wishes to announce that Future Enterprises Pte Ltd ("FEPL"), a wholly-owned subsidiary of the Company has entered into a subscription agreement to subscribe for 7,383,000 new shares at par value of Indian Rupee (Rs) 10.00 each in the capital of Vayhan Coffee Limited ("Vayhan Coffee"), a company incorporated in India, for a total cash consideration of Rs101,100,000 (circa US\$2.275 million).

The principal activity of Vayhan is that of instant coffee manufacturer in spray dried, agglomerated forms. Vayhan's products are mainly for exports.

The 7,383,000 new Vayhan Coffee shares represent 26% of the enlarged share capital of Vayhan Coffee and upon completion of the subscription of these new Vayhan Coffee shares, Vayhan Coffee will become an associate company of FEPL and the Company.

The consideration was arrived at after negotiations on an arm's length and willing seller and willing buyer basis after taking into account, *inter alia*, the estimated fair value of Vayhan Coffee's net assets of Rs235.7 million as at 30 June 2010. The subscription will be funded by internal resources and/or bank borrowings and will not have any material impact on the consolidated net tangible assets and earnings per share of the Company and its subsidiaries (the "**Group**") for the current financial year.

The relative figures for the proposed subscription computed based on each of the applicable bases set out in Rule 1006 amounted to less than 5% and the proposed subscription is therefore a non-disclosable transaction.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect in the proposed subscription and ancillary transactions.

By Order Of The Board

Tan San-Ju
Company Secretary
8 November 2010