



FOOD EMPIRE HOLDINGS LIMITED
(Company Registration Number: 200001282G)

PROPOSED PLACEMENT OF 39,200,000 NEW ORDINARY SHARES IN THE CAPITAL OF FOOD EMPIRE HOLDINGS LIMITED (THE “COMPANY”) (THE “PLACEMENT”)

1. Introduction

The Board of Directors of the Company wishes to announce that the Company has entered into a subscription agreement (the ‘**Agreement**’) on **21st August 2006** with **Universal Integrated Corporation Consumer Products Pte Ltd (“UICCP”)** for the subscription by **UICCP** of **39,200,000** new ordinary shares in the capital of the Company (‘**Placement Shares**’), representing approximately **10%** of the existing issued share capital of the Company as at the date of this announcement at the issue price of **S\$0.57** (‘**Issue Price**’). The Placement Shares will be allotted and issued directly by the Company to the Subscriber pursuant to the Agreement.

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of the Company (‘**Shares**’), except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before completion date for the allotment and issue of the Placement Shares.

The Issue Price per Placement Share represents a premium of approximately 5.6% from the price of S\$0.54 per Share based on share price at the close of trading done on the SGX-ST on 21 August 2006, being the date on which the Subscription Agreement was signed.

UICCP is currently not a shareholder of the Company. The Placement will result in **UICCP** becoming a substantial shareholder of the Company.

2. About Universal Integrated Corporation Consumer Products Pte Ltd (“UICCP”)

Universal Integrated Corporation Consumer Products Pte Ltd (“UICCP”) is a company incorporated in Singapore and is ultimately owned by Mr Anthoni Salim. Since Mr Salim’s acquisition of **UICCP** in 2004, **UICCP** has significantly expanded and diversified its business to include the manufacturing and distribution of food products such as instant noodles, ice cream, shortening, milk and dairy. These products are sold in Indonesia, the Middle East, Thailand and Malaysia.

3. Issue of the Placement Shares

The Placement is conditional upon:

- (a) approval in-principle for the listing and quotation of the Placement Shares on the Official List of the Main Board of the SGX-ST (on conditions, if any, reasonably acceptable to the Company and **UICCP** and to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be

fulfilled on or before the completion date of the Placement, they are so fulfilled) having been obtained and such approval being in full force and effect;

- (b) the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated hereafter by any legislative, executive or regulatory body or authority of Singapore (including the SGX-ST);
- (c) the appointment of Mr Hartono Gunawan who is the nominee of the Subscriber, as an additional director of the Company effective the day after Completion; and
- (d) the passing of the resolution of the board of directors of the Company agreeing to the appointment of a second nominee of the Subscriber as an additional director of the Company effective on a day within six (6) months of Completion.

In the event that the conditions are not fulfilled or not waived by the relevant parties by the completion date, the Agreement shall *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise, save that the parties' obligation of confidentiality under the Agreement shall survive the termination thereof.

4. Additional Listing Application

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Placement Shares. The Company will make the necessary announcement once the approval for the listing and quotation of the Placement Shares has been obtained.

5. Share Issue Mandate

The Placement Shares will be issued pursuant to the general mandate given to the Directors by the shareholders of the Company under Section 161 of the Companies Act, Chapter 50 at the annual general meeting of the Company held on 20 April, 2006.

The Placement Shares will not be issued to any of the person listed in Rule 812(1)(a) to (d)¹ of the SGX-ST Listing Manual and will be in compliance with Rule 812 of the same.

6. Use of Proceeds from the Placement

The net proceeds of the Placement after deducting expenses pertaining thereto are estimated to be approximately **S\$22,344,000**. The Company intends to use the net proceeds of the Placement for financing of working capital and new projects and exploration of new business opportunities.

Prior to deployment, the net proceeds may be deposited with financial institutions, invested in short-term money market instruments or used or any other purposes on a short-term basis, as the Directors may deem fit.

4. Financial Effects

(a) Number of issued Shares

¹ Rule 812(1) of the Listing Manual states that an issue must not be placed to any of the following persons:

- (a) The Company's directors and substantial shareholders.
- (b) Immediate family members of the directors and substantial shareholders.
- (c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the Company's substantial shareholders.
- (d) Corporations in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%.

As at the date of this announcement, the issued and paid-up number of ordinary shares is 392,845,000. When the Placement is completed, the Placement will increase the issued and paid-up number of ordinary shares to 432,045,000.

(b) Earnings Per Share

Based on the last audited financial statements of the Company and its subsidiaries (the “Group”) for the 12 months ended 31 December 2005, the earnings per share of the Group after adjusting for the Placement Shares will decrease from 5.60 cents to 5.45 cents.

(c) Net Asset Value

Based on the last audited financial statements of the Group as at 31 December 2005, the consolidated net asset value per Share of the Group after adjusting for the Placement Shares will increase from 25.63 cents to 28.50 cents.

5. Interests of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement.

BY ORDER OF THE BOARD

Tan Wang Cheow
Director