



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

SUBSCRIPTION OF NEW SHARES IN EMPIRE TEAS (PVT) LIMITED AND DISPOSAL OF SHARES IN HYSON TEAS (PRIVATE) LIMITED

The Board of Directors of Food Empire Holdings Limited (the "Company") wishes to announce that Future Enterprises Pte Ltd, a wholly-owned subsidiary of the Company, has entered into the following agreements with Empire Teas (Pvt) Limited: -

1. Investment Agreement

Future Enterprises Pte Ltd ("FEPL") has entered into an Investment Agreement with Empire Teas (Pvt) Ltd ("ET") and the current shareholders of ET to subscribe for 2,145,000 new ordinary shares in the share capital of ET, representing 30% of the enlarged share capital of ET, for a total cash consideration of US\$2.1 million ("**Acquisition**").

Following completion of the Acquisition, ET will become an associated company of FEPL and the Company.

The consideration was negotiated at arm's length between the parties and arrived at after taking into account the estimated consolidated fair value of the net assets of ET and its subsidiary company as at 31 December 2009, which is Sri Lanka Rupee 560 million (circa US\$4.9 million). The Acquisition will be funded by internal resources.

2. Sale and Purchase Agreement

Concurrently, FEPL entered into a Sale and Purchase Agreement with ET to dispose of its entire 49% equity stake in Hyson Teas (Private) Limited ("HT") to ET for a total cash consideration of US\$0.75 million ("**Disposal**").

Following completion of the Disposal, HT will become a wholly-owned subsidiary of ET.

The consideration was negotiated at arm's length between the parties and arrived at after taking into account HT's net book value of Sri Lanka Rupee 169 million (circa US\$1.5 million) as at 31 December 2009.

The relative figures for these transactions computed on the applicable bases set out in Rule 1006 amounted to less than 5%. These transactions are not expected to have any material impact on the earnings per share and net tangible assets of the Company and the Group for the current financial year.

None of the Directors or Controlling shareholders of the Company or their associates has any direct or indirect interest in the above transactions.

By Order Of The Board
Tan San-Ju
Company Secretary
10 June 2010