

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

PROPOSED SALE OF SHARES AND DEBENTURES IN VAYHAN COFFEE LIMITED

Further to the Company's announcement of 12 November 2011, the Board of Directors of Food Empire Holdings Limited (the "Company") wish to announce that the Company's wholly owned subsidiary, Future Enterprises Pte Ltd ("FEPL") has entered into a Memorandum of Understanding on 14 November 2011 ("MOU") with Mr. DRSP Raju s/o Sri. D V Raju (the "Purchaser") and Vayhan Coffee Limited ("Vayhan Coffee") to sell all of FEPL's investment in Vayhan Coffee, comprising 7,383,000 equity shares of Rs. 10 each and 2,000,000 12% fully convertible debentures of Rs. 15 each, to the Purchaser at a total consideration of Rs. 131,147,100 (approximately US\$3.0 million).

As at the date of this announcement, FEPL has sold 3,650,000 equity shares of Rs. 10 each to the Purchaser and received Rs. 50,005,000 (approximately US\$1.1 million) from the Purchaser. Following completion of the sale of these 3,650,000 equity shares of Rs. 10 each to the Purchaser, the direct and indirect interest of FEPL and the Company respectively in Vayhan Coffee has been reduced from 26.0% to 13.1% and accordingly, Vayhan Coffee has ceased to be an associated company of FEPL and of the Company. The sale of the remaining equity shares and the 2,000,000 12% fully convertible debentures of Rs. 15 each are expected to be completed by the 2nd quarter of 2012. The Company will announce the sale of these securities upon completion.

The total consideration was arrived at on a willing seller and willing buyer basis, after taking into account, *inter alia*, the original price paid by FEPL of Rs. 131,147,100 (approximately US\$3.0 million) for these shares and debentures.

The proposed sale will not have any material impact on the consolidated net tangible assets and earnings per share of the Company and its subsidiaries for the current financial year.

The relative figures for the proposed sale computed based on each of the applicable bases set out in Rule 1006 amounted to less than 5% and the proposed sale 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 sale.

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary
6 December 2011