



FOOD EMPIRE HOLDINGS LIMITED

(Co Registration No: 200001282G)

SUBSCRIPTION OF SHARES IN CAFFE BENE CO., LTD.

The Board of Directors (the “**Board**”) of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), refers to the Company’s announcements dated 2 March 2016 and 3 March 2016 and wishes to announce that the Company’s 51% owned subsidiary, Hallyu Ventures Pte Ltd (“**HVPL**”) has, on 16 March 2016, entered into a share subscription agreement (the “**Subscription Agreement**”) with Caffe Bene Co., Ltd. (“**Caffebene**”) for a subscription of 33,180,000 common stocks at a par value of KRW500.00 per common stock (“**Hallyu Subscription**”) in the capital of Caffebene for a total cash consideration of KRW16,590,000,000.00 (approximately USD14.10 million) (“**Consideration**”).

Salient terms

Pursuant to the Subscription Agreement, HVPL has an option to subscribe for another 22,120,000 common stocks at a par value of KRW500.00 per common stock in the capital of Caffebene, exercisable on or prior to 31 December 2016.

The option, if exercised, will potentially increase the equity stake of HVPL in Caffebene to 51%, based on the enlarged share capital of Caffebene.

The Consideration was arrived at following arm’s length negotiations on a “willing-buyer, willing-seller” basis, taking into account the net asset value of Caffebene of KRW3,355,881,136 (approximately USD2.85 million) as at 31 December 2015.

The Hallyu Subscription will be funded through internal resources and bank borrowings.

Information on Caffebene

Caffebene is one of South Korea’s largest coffee house chain with a global presence of about 1000 stores worldwide. As of the date of this announcement, Caffebene has an issued and paid-up capital of KRW25,351,696,724.00 comprising 53,139,000 common stocks with the shareholding composition as follows:-

Shareholders	Common Stocks	Shareholding Proportion
K3 Private Equity Fund No. 5 (“K3”)	44,904,700	84.50%
Others	8,234,300	15.50%

(Collectively, “**Original Shareholders**”)



Subsequent to the Hallyu Subscription, the shareholdings of Caffebene would be as follows:-

Shareholders	Common Stocks	Shareholding Proportion
HVPL	33,180,000	38.44%
K3	44,904,700	52.02%
Others	8,234,300	9.54%

Completion of the Hallyu Subscription is scheduled to take place on 18 March 2016 or such other date to be mutually agreed.

Concurrently with the completion of the Hallyu Subscription, HVPL will enter into a shareholders' agreement with the other major shareholder of Caffebene, namely, K3, in relation to the conduct of business of Caffebene.

Rationale

The investment into Caffebene is in line with the Group's growth strategy to move into downstream business along the entire value chain of the food and beverage industry.

Relative Figures under Rule 1006 of the Listing Manual

The relative figures of the Hallyu Subscription computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual of the SGX-ST are as follows:-

Rule	Relative computation	Percentage
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
1006(b)	Net profits ⁽²⁾ attributable to the Company's effective interest in the assets acquired or disposed of, compared with the group's net profits	Not meaningful ⁽³⁾
1006(c)	Aggregate value of the Company's effective interest in the consideration given, compared with the Company's market capitalization ⁽⁴⁾ based on the total number of issued shares excluding treasury shares	8.2% ⁽⁵⁾
1006(d)	Number of equity securities issued by the issuer as consideration for the subscription, compared with the number of equity securities previously in issue	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable ⁽⁶⁾

Notes:

- (1) This base is not applicable to an acquisition of assets.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the unaudited loss after tax of Caffebene of USD25.97 million for the year ended 31 December 2015 and the Group's share of unaudited loss after tax is USD5.09 million. The Group's unaudited net loss after tax of USD0.1 million for the year ended 31 December 2015.
- (4) The market capitalisation of the Company is determined by multiplying the Company's total number of issued shares of 532,740,999 (excluding treasury shares) by S\$0.230, being the weighted average share price of the Company's shares on 15 March 2016, being the market day preceding the date of the Subscription Agreement.
- (5) Based on the Company's effective interest in the Hallyu Subscription of KRW8,460,900,000.00 (approximately USD7.2 million).
- (6) This is only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As the relative figures under Rule 1006 (c) exceed 5% but do not exceed 20%, the investment constitutes a discloseable transaction as defined under Chapter 10 of SGX-ST Listing Manual.

Financial Effect

The pro forma financial effects of the Hallyu Subscription, based on the latest announced consolidated financial statements of the Company for the financial year ended 31 December 2015, are set out below. The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group after completion of the Hallyu Subscription.

Net Tangible Assets (“NTA”)

Assuming that the Hallyu Subscription had been completed on 31 December 2015, the proposed investment would have the following impact on the NTA per share of the Group:-

	Before Hallyu Subscription	After Hallyu Subscription
NTA of the Group as at 31 December 2015 (USD'000)	127,111	127,111
Number of issued shares (excluding treasury shares)	532,740,999	532,740,999
NTA per share (USD cents)	23.86	23.86

Earnings per share (“EPS”)

Assuming that the Hallyu Subscription had been completed on 1 January 2015, the proposed investment would have the following impact on the earnings/(loss) per share of the Group:-

	Before Hallyu Subscription	After Hallyu Subscription
Profit/(loss) attributable to shareholders (USD'000)	210	(5,443)
Weighted average number of issued shares	532,740,999	532,740,999
Earnings/(loss) Per Share (USD cents)	0.04	(1.02)

Gearing

Assuming that the Hallyu Subscription had been completed on 31 December 2015, the proposed investment would have the following impact on the Group's gearing:-

	Before Hallyu Subscription	After Hallyu Subscription
Net debt (USD'000)	39,464	43,464
Total capital (USD'000)	137,454	137,454
Gearing (times)	0.29	0.32

Interests of Directors and Controlling Shareholders

Other than the interests of Mr Anthoni Salim and Universal Integrated Corporation Consumer Products Pte Ltd in HVPL, none of the Directors or controlling shareholders of the Company, has any interest, direct or indirect in the above transaction.

Document available for inspection

A copy of the Subscription Agreement is available for inspection during normal business hours at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 for three months from the date of this announcement.

By Order of the Board

Tan Cher Liang
Company Secretary

16 March 2016