



JB FOODS LIMITED

(Company Registration No. 201200268D)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 240,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES"), AT AN ISSUE PRICE OF S\$0.12 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "RIGHTS ISSUE")

1 INTRODUCTION

1.1 Basis of the Rights Issue

The board of directors (the "**Directors**") of JB Foods Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 240,000,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.12 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Shares for every two (2) existing ordinary shares in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded (the "**Rights Issue**").

1.2 Share Issue Mandate

The Rights Shares will be issued pursuant to the share issue mandate approved by Shareholders at the annual general meeting held on 30 April 2014 (the "**Share Issue Mandate**"). Pursuant to the Share Issue Mandate, the Directors are authorised, *inter alia*, to issue Shares in the Company by way of a rights issue on a *pro rata* basis to Shareholders at any time and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares in the Company to be issued pursuant to such authority does not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares) at the date of the Share Issue Mandate. Accordingly, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the Rights Issue falls within the limit of the Share Issue Mandate.

2 PRINCIPAL TERMS OF THE RIGHTS ISSUE

2.1 Entitled Shareholders

The Proposed Rights Issue will be offered on a renounceable basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every two (2) Shares held by, or standing to the credit of the securities accounts of Entitled Shareholders with The Central Depository (Pte) Limited (the "**CDP**") as at the Books Closure Date, fractional entitlements to be disregarded.

2.2 Number of Rights Shares to be issued

Based on the existing issued share capital of the Company of 480,000,000 Shares as at the date of this announcement, up to 240,000,000 Rights Shares may be issued pursuant to the Rights Issue.

2.3 Status of the Rights Shares

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. For this purpose, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or distributions.

2.4 Issue Price

The issue price of S\$0.12 for each Rights Share represents a discount of approximately 40% to the last transacted price of S\$0.20 per Share on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 September 2014 (being the last trading day preceding the date of this announcement).

2.5 Provisional allotments

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation on the Board (whether direct or through a nominee) will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will also not make any allotments or issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

2.6 Non-underwritten basis of the Rights Issue

The Rights Issue will not be underwritten. The Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the Irrevocable Undertakings (as defined below) provided by the Undertaking Shareholders (as defined below) and the savings in cost by the Company in respect of underwriting fees.

2.7 Other terms

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (including the accompanying application forms) to be

despatched by the Company to the Shareholders in due course (the “**Offer Information Statement**”).

3 IRREVOCABLE UNDERTAKINGS

- 3.1 To show their support for the Rights Issue and to demonstrate their commitment to and confidence in the Company, several Shareholders of the Company, namely, JB Cocoa Group Sdn Bhd (“**JBC Group**”), Tee Yih Jia Food Manufacturing Pte Ltd (“**TYJ**”), Mr Tey How Keong and Mdm Goh Lee Beng (collectively, the “**Undertaking Shareholders**”), have given certain irrevocable undertakings to the Company (collectively, the “**Irrevocable Undertakings**”). Details of the Irrevocable Undertakings are set out below.
- 3.2 As at the date of this announcement, JBC Group, a controlling shareholder of the Company, holds an aggregate of 244,800,000 Shares, representing 51.0% of the existing share capital of the Company. Accordingly, JBC Group will be entitled to subscribe for an aggregate of 122,400,000 Rights Shares. Pursuant to a deed of undertaking dated 25 August 2014 (the “**JBC Undertaking**”), JBC Group has undertaken to, *inter alia*, (i) irrevocably and unconditionally renounce its entitlement to 9,000,000 Rights Shares in favour of TYJ (the “**TYJ JBC Entitled Rights Shares**”); and (ii) subscribe and pay for, and/or procure the subscription of and payment for, the remaining part of its *pro rata* entitlement, being 113,400,000 Rights Shares.
- 3.3 As at the date of this announcement, TYJ, a controlling shareholder of the Company, holds an aggregate of 80,000,000 Shares, representing 16.7% of the existing share capital of the Company. Accordingly, TYJ will be entitled to subscribe for an aggregate of 40,000,000 Rights Shares (“**TYJ Entitled Rights Shares**”). Pursuant to a deed of undertaking dated 25 August 2014, TYJ has undertaken to, *inter alia*, subscribe and pay for, and/or procure the subscription of and payment for, the TYJ Entitled Rights Shares and the TYJ JBC Entitled Rights Shares; and, subject to it not being placed in a position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers (the “**Code**”), within such time and date to be informed by the Company to it (to the extent permitted by the SGX-ST, the CDP or any relevant authority), in accordance with the terms of the Rights Issue, make excess applications and payment for any Excess Rights Shares which remain unsubscribed for by Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares.
- 3.4 As at the date of this announcement, the Company's director and Chief Executive Officer, Mr Tey How Keong, holds an aggregate of 1,000,000 Shares, representing 0.21% of the existing share capital of the Company. Accordingly, Mr Tey How Keong will be entitled to subscribe for an aggregate of 500,000 Rights Shares (“**THK Entitled Rights Shares**”). Pursuant to a deed of undertaking dated 25 August 2014, Mr Tey How Keong has undertaken to, *inter alia*, (i) subscribe and pay for and/or procure the subscription of and payment for the THK Entitled Rights Shares, and (ii) procure that JBC Group fulfills its obligations pursuant to the JBC Undertaking.
- 3.5 As at the date of this announcement, the Company's executive director, Mdm Goh Lee Beng, holds an aggregate of 400,000 Shares, representing 0.08% of the existing share capital of the Company. Accordingly, Mdm Goh Lee Beng will be entitled to subscribe for an aggregate of 200,000 Rights Shares (“**GLB Entitled Rights Shares**”). Pursuant to a deed of undertaking dated 25 August 2014, Mdm Goh Lee Beng has undertaken to, *inter alia*, (i) subscribe and pay for and/or procure the subscription of and payment for the GLB Entitled Rights Shares, and (ii) procure that JBC Group fulfills its obligations pursuant to the JBC Undertaking.
- 3.6 In addition to the above, each of the Undertaking Shareholders has also undertaken to ensure that none of the Shares in which he/she/it currently has an interest (directly or indirectly), are sold, transferred or otherwise disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares without the prior written consent of the Company.

- 3.7 Each of the Undertaking Shareholders has also provided a confirmation to the Company from the relevant financial institutions that he/she/it has sufficient financial resources for the purposes of fulfilling his/her/its obligations pursuant to the Irrevocable Undertakings.

4 SCALING DOWN OF SUBSCRIPTIONS

- 4.1 The Code regulates the acquisition of ordinary shares of, inter alia, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the voting rights in the Company in any six (6)-month period, must extend a mandatory general offer for the remaining Shares in the Company in accordance with the provisions of the Code.
- 4.2 Depending on the level of subscription for the Rights Issue, the Company may, if necessary and upon the approval of the SGX-ST, scale down the Rights Shares subscribed by any Shareholder to avoid placing such Shareholder and/or parties acting in concert with it (as defined in the Code) in the position of incurring an obligation to make a mandatory general offer under the Code as a result of other Entitled Shareholders not taking up, whether partly or in full, their provisional allotments of the Rights Shares.

5 RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

- 5.1 The Company is proposing to undertake the Rights Issue to raise funds to fund the Proposed Acquisition (as defined in the Company's announcement dated 2 September 2014 (the "**Proposed Acquisition Announcement**")), as well as for capital expenditure and general working capital requirements.
- 5.2 The Rights Issue will raise approximately S\$28.8 million and the net proceeds of the Rights Issue (the "**Net Proceeds**"), after deducting estimated expenses of approximately S\$0.15 million to be incurred in connection with the Rights Issue, will amount to approximately \$28.6 million.
- 5.3 The Company intends to utilise the Net Proceeds in the following manner:

Purpose	Amount (S\$'million)	Percentage (%) of Net Proceeds
Funding the cash component of the Proposed Acquisition	11.6	40.6
Capital expenditure and general working capital requirements	17.0	59.4
Total	28.6	100.0

- 5.4 Pending deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.
- 5.5 Based on the reasonable opinion of the Directors as at the date of this announcement, there is no minimum amount that must be raised from the Rights Issue taking into consideration the intended use of proceeds.
- 5.6 The Directors are also of the opinion that, barring any unforeseen circumstances:
- (a) after taking into consideration the present bank facilities available to the Group and

the cash generated from the operations, the working capital available to the Group is sufficient to meet its present requirements; and

- (b) after taking into consideration the present bank facilities available to the Group, the cash generated from the operations and the Net Proceeds of the Rights Issue, the working capital available to the Group will be sufficient to meet its present requirements.

- 5.7 The Company will make periodic announcements on the use of the Net Proceeds as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights Issue in its quarterly results announcement(s) and annual report(s).

6 ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

6.1 Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue (the "**Entitled Shareholders**"). Entitled Shareholders comprise Entitled Depositors and Entitled Scripholders (both as defined below).

6.2 Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

Entitled Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

6.3 Entitled Scripholders

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Company's share registrar, Boardroom Corporate & Advisory Services Pte Ltd ("**Share Registrar**") valid transfers of their shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the services of notices and documents ("**Entitled Scripholders**").

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

Entitled Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must

provide the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

6.4 Foreign Shareholders

For practical reasons and in order to avoid any violation of the relevant securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them by means of a crossed cheque drawn on a bank in Singapore and at their own risk by ordinary post, or in such other manner as they may have agreed with CDP for the payment of cash distributions. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar or CDP in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CPF Board or CDP in connection therewith.

7 APPROVALS AND OTHER CONDITIONS TO THE RIGHTS ISSUE

7.1 The proposed Rights Issue is subject to, *inter alia*, the following:

- (a) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Main Board of the SGX-ST having been obtained (and such

approval not having been withdrawn or revoked on or prior to the closing date of the offer of the rights Shares under the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and

- (b) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Chapter 289) of Singapore with the Monetary Authority of Singapore.
- 7.2 The Company will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the SGX-ST.
- 7.3 The Offer Information Statement will also be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course after, *inter alia*, obtaining the approval in-principle of the SGX-ST.
- 7.4 Appropriate announcements in relation to the above application, lodgement and despatch will be made in due course.

8 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and in the Proposed Acquisition Announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Rights Issue (other than in his capacity as Director or Shareholder of the Company).

9 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes true and fair disclosure of all material facts about the Rights Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

ONG BENG HONG

Joint Company Secretary
2 September 2014

The initial public offering of JB Foods Limited was sponsored by AmFraser Securities Pte. Ltd. (a member of AmInvestment Bank Group) and Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) (the "Joint Issue Managers"). The Joint Issue Managers assume no responsibility for the contents of this announcement.