

FOOD EMPIRE HOLDINGS LIMITED

(Co Registration No: 200001282G)

JOINT VENTURE

The Board of Directors of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), wishes to announce that the Company’s wholly-owned subsidiary, Future Investment Holdings Pte. Ltd. (“**FIHPL**”), has on 2 March 2016 entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Sweet Blossom Holdings Ltd (“**SBHL**”), a wholly-owned subsidiary of Eastern Valley Group Limited (“**EVGL**”), and that the parties have formed a joint venture company, Hallyu Ventures Pte Ltd (“**HVPL**”), in Singapore to carry out business of investment into any other food and beverage companies in Korea and the region (the “**Joint Venture**”).

Rationale

The Joint Venture is a strategic alliance with an aim to make investment into food and beverage companies tapping into respective strengths and network in the region with a view to share risks and rewards.

Salient terms

Pursuant to the Joint Venture Agreement, FIHPL and SBHL shall each hold an equity stake of 51% and 49%, respectively, in HVPL and the parties agree to invest through subscription of ordinary shares and/or advancement of loans in HVPL (in proportion to their respective shareholdings) up to an aggregate of USD24,000,000 in two tranches progressively. The first tranche will be 60% of USD24,000,000, equivalent to USD14,400,000 could take the form of shares and/or loans. The balance of 40% may be injected as and when required under the terms of the Joint Venture.

Accordingly, FIHPL’s first tranche of investment in HVPL will be USD7,344,000, equivalent to 51% of USD14,400,000 whilst that of SBHL will be USD7,056,000.

Total investment expected of FIHPL for the Joint Venture is USD12,240,000, constituting more than 5% of the Group’s latest audited net tangible assets for the financial year ended 31 December 2014 and 15.0% of the Company’s market capitalisation as at 1 March 2016.

FIHPL’s investment in HVPL is expected to be financed through internal cash resources and bank borrowings.

Interested Person Transaction

The Joint Venture is an interested person transaction as SBHL is an associate of Universal Integrated Corporation Consumer Products Pte Ltd (“**UICCP**”) given that:-

- SBHL is a wholly-owned subsidiary of EVGL.
- EVGL is 100% owned by Mr Anthoni Salim, the ultimate beneficial owner of UICCP.
- UICCP, which holds 24.79% of the voting shares of the Company, is a controlling shareholder of the Company.

SBHL does not have an existing equity interest in the Joint Venture prior to the participation of the Company in the Joint Venture and the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner.



In view of the above and the Statement of Audit Committee herein, the Company's investment in the Joint Venture is by virtue of Rule 916(2) of the Listing Manual, not subject to Rule 906 of the Listing Manual.

Statement of Audit Committee

The Audit Committee of the Company, having reviewed the interested person transaction, is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

Financial Effect

The Joint Venture is not expected to have any material impact on the earnings per share and net asset value per share of the Group for the current financial year.

Directors and Controlling Shareholders' Interests

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

By Order of the Board

Tan Cher Liang
Company Secretary
2 March 2016