

JB FOODS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201200268D)
(the "Company")

PROPOSED SUBSCRIPTION OF 80 MILLION NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.27 FOR EACH SUBSCRIPTION SHARE (THE "SUBSCRIPTION")

1. INTRODUCTION

The Board of Directors of JB Foods Limited (the "**Directors**") is pleased to announce that the Company has on 23 January 2013 entered into a conditional share subscription agreement (the "**Agreement**") with Tee Yih Jia Food Manufacturing Pte Ltd (the "**Subscriber**").

Subject to and upon the terms of the Agreement, the Subscriber shall subscribe for 80 million new shares in the share capital of the Company representing approximately 16.67% of the share capital of the Company on an enlarged basis (the "**Subscription Shares**") to be allotted and issued by the Company (the "**Subscription**").

2. TERMS OF THE SUBSCRIPTION

2.1. The Subscription – Issue Price

The Subscription Shares shall be allotted and issued at an issue price of S\$0.27 per Subscription Share (the "**Issue Price**"). The Issue Price represents a discount of approximately 9.27% discount based on the weighted average price for trades done on the preceding market day up to the time the Agreement was signed.

The Issue Price was arrived at following arm's length negotiations between the Company and the Subscriber.

The Subscription Shares will only be issued to the Subscriber and will not be issued to any of the persons listed in Rule 812(1)(a) to (d) of the Listing Manual and will be in compliance with Rule 812.

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects with the existing Shares including any dividend, right, allotment or other distributions, the record date for which falls on or after the date of completion of the Subscription.

2.2. Additional Listing Application

The Subscription will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the issuance of the Subscription Shares.

The Company will be making an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST.

2.3. Conditions for the Subscription

The Subscription is subject to certain conditions precedent set out in the Agreement, including but not limited to:

- a) shareholders approval from the Company being obtained or the waiver from the SGX-ST being obtained in relation to the transfer of controlling interest pursuant to Rule 803 of the Listing Manual;
- b) approval in principle for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the date of completion of the Subscription ("Completion Date") and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber (both acting reasonably) and, to the extent that any conditions for this approval in-principle are required to be fulfilled on or prior to the Completion Date, they are so fulfilled;
- c) the issue, allotment and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Agreement by any applicable legislative, executive or regulatory body or authority of Singapore which is applicable to the Company and/or the Subscriber;
- d) there having been no occurrence of any event or discovery of any fact rendering any of the warranties in the Agreement untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date; and
- e) the Company and the Subscriber not being in breach of any of the undertakings and the covenants in the Agreement as at the Completion Date.

2.4. Completion of the Subscription

Completion is scheduled to take place no later than five (5) Business Days after the last of the conditions precedent set out in the Agreement are satisfied or waived.

2.5. Moratorium Undertaking

The Subscriber has undertaken not to sell, realise, transfer or otherwise dispose of any of the Shares acquired pursuant to the Agreement for a period of 6 months commencing from the Completion Date, unless waived by the Company.

2.6. Board Representation

Subject to the approval of the nominating committee and the existing board of directors of the Company, the Subscriber shall be entitled to appoint a nominee to the board of directors of the Company, who will also be appointed the vice chairman of the board of directors.

3. SUBSCRIBER

Established in 1969, the Tee Yih Jia group of companies (the “**TYJ Group**”), led by its visionary Executive Chairman Sam Goi, is today the world’s leading manufacturer of spring roll pastry and a wide range of Asian frozen convenience foods with production facilities in more than 10 countries including China, Europe, Malaysia and USA, and an extensive distribution network in more than 70 countries. The TYJ Group has diversified into other sectors such as property development, restaurants, logistics management and high technology either directly or through its investments in many publicly-listed companies.

It has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not person to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual of the SGX-ST.

As at the date of this announcement, the Subscriber does not hold any Shares in the Company.

4. FINANCIAL EFFECTS OF THE SUBSCRIPTION

The illustrative financial effects of the Subscription on the share capital, net asset value, earnings and net gearing of the Company based on the unaudited consolidated financial statements of the Company and its subsidiaries (“**Group**”) for the period ended 30 September 2012 are set out below.

Share Capital

As at the date of this Announcement, the issued and paid-up share capital of the Company is S\$65,028,223.18 divided into 400,000,000 Shares. Following completion, the issued and paid-up share capital of the Company will increase to S\$86,628,223 divided into 480,000,000 Shares.

Net Asset Value

Assuming the Subscription was completed on 30 September 2012, the net asset value per Share would decrease from 46 RM sen to 38 RM sen.

Earnings

Assuming the Subscription was completed on 3 January 2012 (date of incorporation of the Company), the effect of the Subscription on the earnings per share of the Group for the period ended 30 September 2012 would have decreased from 0.15 RM sen to 0.11 RM sen.

Gearing

Assuming the Subscription was completed on 30 September 2012, the gearing ratio of the Group would decrease from 0.46 to 0.35. Gearing is computed based on total borrowings less cash and cash equivalents divided by shareholders' funds.

Shareholders should note that the illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects after completion.

5. RATIONALE FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The net proceeds of S\$21,588,880, after deducting estimated expenses of S\$11,120 pertaining to the Subscription (the "**Net Proceeds**") will be used to fund the future acquisition and expansion of the Company, as well as general working capital.

The actual apportionment of Net Proceeds for the aforementioned purposes will be subject to the relative timing of various requirements for funds, and the Company's overall objective of achieving an optimal cost of capital to fund its growth initiatives.

The Company will make periodic announcements on the utilisation of proceeds from the Subscription as and when such proceeds are materially disbursed.

6. AUTHORITY FOR THE ISSUANCE OF THE SUBSCRIPTION SHARES

The Subscription Shares are to be issued pursuant to the general share issue mandate approved by Shareholders at the Company's extraordinary general meeting held on 15 May 2012.

As at 15 May 2012, the Company had 400,000,000 Shares in issue. Accordingly, the relevant share base for the purpose of computation of thresholds under the general mandate would be 400,000,000 Shares (the "**Share Base**").

The Subscription Shares represent 20% of the Share Base, and approximately 16.67% of the enlarged issued share capital of the Company.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial shareholders of the Company have any interest, direct or indirect, in the Subscription (other than through their respective direct and indirect shareholdings in the Company).

8. APPLICATION TO SGX-ST

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Subscription Shares. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the New Shares has been obtained from the SGX-ST.

9. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The New Shares may be subject to conditions. There is no certainty or assurance as at the date of this Announcement that the Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours for a period of three (3) months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

MR TEY HOW KEONG
CHIEF EXECUTIVE OFFICER
23 January 2013