

CHINA MINZHONG FOOD CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Registration No. 200402715N)

THE PROPOSED SUBSCRIPTION OF SHARES IN CHINA MINZHONG FOOD CORPORATION LIMITED BY PT INDOFOOD SUKSES MAKMUR TBK

1. INTRODUCTION

- 1.1 The directors (the "**Directors**") of China Minzhong Food Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wish to announce that the Company has on 15 February 2013 (the "**Signing Date**") entered into a subscription agreement (the "**Subscription Agreement**") with PT Indofood Sukses Makmur Tbk (the "**Subscriber**"), pursuant to which the Company shall allot and issue 98,000,000 new ordinary shares in the Company ("**New Shares**") to the Subscriber at S\$0.915 per New Share (the "**Subscription Price**") (the "**Proposed Subscription**").
- 1.2 The Proposed Subscription will be undertaken by way of private placement in accordance with section 272B of the Securities and Futures Act (Chapter 289 of Singapore). The New Shares shall be allotted and issued pursuant to the general share issue mandate obtained from the shareholders of the Company ("**Shareholders**") at the Annual General Meeting of the Company held on 25 October 2012.
- 1.3 The New Shares will represent approximately 14.95% of the issued and paid-up share capital of the Company immediately following the completion of the Proposed Subscription.
- 1.4 The Company will be making an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the New Shares on the SGX-ST (the "**Application**") and will make the necessary announcements once the approval in-principle of the listing and quotation of the New Shares have been obtained from the SGX-ST. The New Shares will not be issued to transfer a controlling interest of the Company and none of the New Shares will be placed to any person or groups of person prohibited by SGX-ST as set out under Rule 812 of the Listing Manual of the SGX-ST (the "**Listing Manual**").

2. INFORMATION ON SUBSCRIBER AND RATIONALE FOR THE PROPOSED SUBSCRIPTION

- 2.1 As at the date of this Announcement, the Subscriber is a company incorporated in Indonesia and is listed on the Indonesia Stock Exchange. The Subscriber's and its subsidiaries' ("**Subscriber Group**") operation ranges from the production of raw materials and their processing through to consumer products in the market.

The Subscriber Group's business activities can be classified into four complementary Strategic Business Groups, namely:

- (a) Consumer Branded Products Group, which is led by PT Indofood CBP Sukses Makmur Tbk ("**ICBP**"), a company incorporated in Indonesia and listed on the Indonesia Stock Exchange. ICBP is one of the leading packaged food producers in Indonesia, producing a wide range of packaged food products including noodles, dairy products, food

seasonings, snack foods as well as nutrition and special foods for infants and children and milk products for expectant and lactating mothers;

- (b) Bogasari Group, which is primarily a producer of wheat flour and pasta;
- (c) Agribusiness Group, which is led by Indofood Agri Resources Ltd, a company incorporated in Singapore and listed on the SGX-ST. The Agribusiness Group is a vertically integrated and diversified agribusiness group that engages in the business of oil palm plantations and edible oil and fats. In addition, the Agribusiness Group is also involved in the cultivation and processing of rubber and sugar cane as well as other crops; and
- (d) Distribution Group, which covers the distribution of the majority of the Subscriber Group's consumer products as well as third party products.

2.2 The Subscriber was identified and introduced to the Company by UOB Kay Hian Private Limited, which was the arranger of the Proposed Subscription. The Proposed Subscription is strategic and could provide further opportunities for strategic alliances between the Subscriber Group and the Company, with each party leveraging on the other party's distribution network, product offerings and business expertise.

3. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

The following is a summary of the principal terms of the Proposed Subscription:

3.1 New Shares

The New Shares shall be issued free from all and any encumbrances and will rank *pari passu* in all respects with the existing ordinary shares in the Company ("**Shares**") provided that subject to the completion of the Proposed Subscription, the New Shares shall rank for, including, without limitation, any entitlements, distributions, dividends or rights, the record date in respect of which falls on or after the Completion Date (as defined below).

3.2 Subscription Price

The Subscription Price represents a discount of 9.93% over the weighted average price of the Shares of S\$1.0159 for trades done on the SGX-ST on 14 February 2013, being the full market day preceding the Signing Date. The aggregate consideration payable by the Subscriber for the subscription of the New Shares is S\$89,670,000 (the "**Subscription Consideration**").

3.3 Conditions Precedent

Completion of the Proposed Subscription is conditional upon the following conditions having been fulfilled (or, to the extent permitted, waived):

- (a) the in-principle approval for the Application being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that such conditions for the listing and quotation of the New Shares on the Main Board of the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled;
- (b) the allotment, issue and subscription of the New Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Subscriber;

- (c) on the Completion Date, the undertakings and warranties of the Company set out in the Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations under the Subscription Agreement to be performed on or before the Completion Date;
- (d) the trading of the issued Shares on the Main Board of the SGX-ST not being suspended by the SGX-ST (other than a suspension on a temporary basis requested by the Company); and
- (e) the issued Shares remaining listed on the Mainboard of the SGX-ST.

For the purpose of the Proposed Subscription, "**Completion Date**" shall mean the date falling three (3) business days after the date on which the last of the conditions set out in the paragraph above have been fulfilled (or, to the extent permitted, waived), or such later date as the Company and the Subscriber may agree in writing.

4. USE OF PROCEEDS

- 4.1 The Proposed Subscription will allow the Company to raise the Subscription Consideration of S\$89,670,000. The Company intends to use the net proceeds of S\$85,186,500 for the following purposes: (a) approximately S\$70 million will be used to finance capital expenditures related to the Company's planned expansion of its industrialised farming operations and (b) the balance of approximately S\$15.2 million will be used as general working capital.
- 4.2 The Company will make periodic announcements on the utilisation of proceeds from the Proposed Subscription as and when the funds from the Proposed Subscription are materially disbursed and provide a status report of the use of proceeds from the Proposed Subscription in the Company's annual report.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The financial effects of the Proposed Subscription, based on the unaudited financial statements of the Group for the second quarter ended 31 December 2012, assuming that the Proposed Subscription is completed and the New Shares have been issued, are as follows:

5.1 Effect on Share Capital

The financial effects of the Proposed Subscription on the issued share capital of the Company as at the Signing Date are as follows:

	<u>Number of Shares</u>
Number of issued Shares as at the Signing Date	557,439,000
Add: Issue of the New Shares	98,000,000
Number of issued Shares immediately after the Proposed Subscription	655,439,000

5.2 Effect on Earnings

The financial effects of the Proposed Subscription on the earnings of the Group are as follows:

	<u>As at 31</u> <u>December 2012</u> <u>(Unaudited)</u> <u>(RMB')</u>
Profit attributable to Shareholders	337,426,000
<u>Before the Proposed Subscription:</u>	
Weighted average number of Shares	557,439,000
Earnings per Share	0.61
<u>After the Proposed Subscription:</u>	
Weighted average number of Shares ⁽¹⁾	655,439,000
Earnings per Share	0.51

Note: (1) Weighted average number of Shares assuming that the Proposed Subscription is completed and the New Shares have been issued as at 1 July 2012.

5.3 Effect on Net Tangible Assets

The financial effects of the Proposed Subscription on the net tangible assets per Share of the Group are as follows:

	<u>As at 31 December</u> <u>2012</u> <u>(Unaudited)</u> <u>(RMB')</u>
Net tangible assets (" NTA ") of the Group before Proposed Subscription	3,928,493,000
<u>Adjusted for</u>	
<i>Total net proceeds from the Proposed Subscription</i> ⁽²⁾	425,030,000
NTA of the Group after Proposed Subscription	4,353,523,000
<u>Before the Proposed Subscription:</u>	
Weighted average number of Shares	557,439,000
NTA per Share	7.05
<u>After the Proposed Subscription:</u>	
Weighted average number of Shares ⁽¹⁾	655,439,000
NTA per Share	6.64

Notes:

- (1) *Weighted average number of Shares assuming the Proposed Subscription is completed and the New Shares have been issued as at 1 July 2012*
- (2) *SGD:RMB exchange rate as of 1 July 2012 was 4.9894*

6. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling Shareholders who have, any interest, direct or indirect, in the Proposed Subscription.

7. 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 9 Battery Road, #15-01 Straits Trading Building, Singapore 049910 for a period of three (3) months from the date of this Announcement.

Shareholders and investors should note that completion of the Proposed Subscription is subject to the fulfillment of the conditions precedent set out above, and are therefore advised to exercise caution in their dealings in the Shares.

By Order of the Board

Lin Guo Rong
Executive Chairman and Chief Executive Officer

15 February 2013