

3 November 2009

China Food Company Plc

("China Food" or the "Company")

### Convertible Loan to raise up to £6.5m and Trading Update

China Food (AIM: CFC.L), the manufacturer of branded consumer condiment products and animal feeds based in the Shandong province of the People's Republic of China (the "PRC"), is pleased to announce that the Company is trading to plan, bolstered by the improving Chinese economy which grew by 8.9% for the third quarter of 2009 as announced on 22 October 2009. In light of this, the Company will proceed with the completion of its new soya sauce production facility with the expectation to start trial production during the first half of next year.

As the new production facility will require additional working capital enabling China Food to significantly increase production, it proposes to raise up to £6.5m by way of a three-year convertible loan. The convertible loan will carry a 10 per cent coupon per annum and convertible into ordinary shares of the Company at 32 pence per share ("Convertible Loan Notes").

To date, the Company has secured and will issue £2.6m of Convertible Loan Notes to institutional and existing shareholders. This includes £1.0m of existing shareholder loans that are held by Main World Investments Limited, a significant shareholder and fresh cash injection by existing shareholders, Albany Capital Group and Lam Soon Realty of £500,000 each. The Company remains in discussions with local banks to raise additional funds and the remaining Convertible Loans Notes will be issued to the extent that the Company needs additional working capital prior to securing additional bank facilities.

In addition, certain of the Directors have irrevocably undertaken to subscribe for £75,000 of the Convertible Loan.

Following this participation the Directors will hold the following interests in ordinary shares of 4p each ("Ordinary Shares")

Director	Ordinary Shares held	Convertible Loan Notes to be subscribed for	Options held over Ordinary Shares	Percentage shareholding on a fully diluted basis
John Mclean	215,800	50,000	232,400	0.75%
Raphael Tham	100,000	-	371,840	0.59%
Feng Bo (1)	14,772,883	1,000,000	371,840	22.72%
Frank Chau	50,000	-	278,880	0.41%
Derek Marsh	53,333	25,000	139,440	0.34%

Note (1): In addition to her holding of options over 371,840 Ordinary Shares, Feng Bo is beneficially interested in Main World's holdings of 14,772,883 Ordinary Shares and £1 million in Convertible Loan Notes. Feng Bo is the wife of Fu Guoping who is the sole shareholder of Main World.

#### Trading Update

The Company remains profitable and cash-generative. As announced with the interim results in late September, the Company has seen further improvement in trading conditions as the economy recovers. Trading remains in line with expectations for the year ending 31 December 2009.

#### Bank facility

The Company is in advanced discussions with two financial institutions with respect to additional bank facilities of at least RMB 100 million of which at least RMB 60 million will be a term loan and the rest will be available for working capital purposes. The expected interest rates are between 6.4 to 7.0% per annum. The Company has been largely self-financing its capital expenditure and the bank facility will free up its working capital to support its operations with the new facilities.

## Key Terms of the Convertible Loan

The Convertible Loan is repayable after three years and attracts an interest rate of 10% per annum, payable half yearly. It is convertible at 32p per share and in the event of early redemption the noteholder is entitled to a 10% premium or warrant coverage at 32p with no premium payable.

The Directors currently have the authority to issue up to 16.6 million ordinary shares in the Company. Based on the above mentioned conversion price, this enables the Company to raise up to approximately £5.3 million through the issue of Convertible Loan Notes. In the event the Company issues additional Convertible Loan Notes above this threshold then the Company will seek the requisite shareholder authority.

## Appointment of Company Secretary

The Company is pleased to announce the appointment of Nigel Cartwright as Company Secretary with immediate effect. Nigel is a qualified company secretary and has been a director of various AIM listed public companies.

Commenting, John McLean, Chairman of China Food Company, said:

"These additional funds place China Food in a very strong position to continue to grow the business and further increase market share. China Food remains cash generative and is well invested with its new soya sauce manufacturing capacity scheduled to come on line in the first half of next year. We must remain mindful of the changing global market conditions but we are increasingly optimistic about the future."

Note to editors: [www.chinafoodcompany.com](http://www.chinafoodcompany.com)

The Company comprises a group of well-established Chinese food manufacturing businesses producing a range of condiment products, including soya sauce and

vinegar, under its "Fushi" and "Fushi Hao Tai Tai" brand names and a range of animal feeds covering premix, concentrate and compound feedstuffs. China Food is the 9th largest Soya sauce manufacturer in China and operates in one of the fastest growing segments within the PRC's food industry reflecting the increasing purchasing power of Chinese consumers. The Company's primary market is in Shandong, China's second largest province, as well as its neighbouring provinces. China Food sells its condiments products via a network of approximately 205 distributors, retailers and numerous outlets of large and medium sized supermarket chains in ten provinces and municipal cities in the north-eastern region of the PRC, including Wal Mart, Tesco, Carrefour, Shiji Lianhua and Jialejia

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The company news service from the London Stock Exchange

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