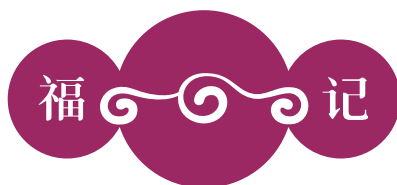


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## **FU JI FOOD AND CATERING SERVICES HOLDINGS LIMITED**

**福記食品服務控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1175)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF GLOSSY BRIGHT LIMITED**

Reference is made to the Previous Announcement of the Company dated 28 September 2007. The Company made this announcement regarding the disposal of Glossy Bright which holds 20% of the entire issued share capital of Sky Charm.

The Board is pleased to inform the Shareholders that, on 8 April 2009, the Company entered into the Agreement with the Purchaser pursuant to which the Company has sold and the Purchaser has acquired through the Nominee the entire issued share capital of Glossy Bright. The consideration for the Disposal is equivalent to one-third of the Aggregate Purchase Price, subject to a cap of HK\$266,670,000.

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

#### **1. BACKGROUND**

Reference is made to the Previous Announcement of the Company dated 28 September 2007 relating to the acquisition by the Company of 60% of the entire issued share capital of Sky Charm from Zhou Li pursuant to the 2007 Agreement. Unless otherwise defined or the context herein otherwise requires, terms used in this announcement should have the same meanings as in the Previous Announcement.

The Board is pleased to inform the Shareholders that on 8 April, the Company entered into the Agreement with the Purchaser for the disposal of Glossy Bright, which holds 20% of the entire issued share capital of Sky Charm.

## 2. THE AGREEMENT

On 8 April 2009, the Company entered into the Agreement with the Purchaser in relation to the Disposal.

Date: 8 April 2009

Vendor: FU JI Food and Catering Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability

Purchaser: Ivy Johnson, an Australian citizen and a private investor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, both the Purchaser and the Nominee are third parties independent of the Company and of the connected persons (as defined in the Listing Rules) of the Company.

There was no prior transaction between the Group and the Purchaser and or her associates (as defined in the Listing Rules) in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Zhou Li has given her consent for the Disposal pursuant to the Shareholders Agreement.

### **Interests to be disposed of:**

Pursuant to the Agreement, on and subject to the terms of the Agreement, the Purchaser has through the Nominee acquired from the Company the Sale Shares representing 100% of the issued share capital of Glossy Bright. Glossy Bright holds 20% of the entire issued capital of Sky Charm.

### **Consideration:**

The consideration for the Disposal is the lower of (a) one-third of the Aggregate Purchase Price (as defined in the Previous Announcement) or (b) HK\$266,670,000, which is equivalent to the sum of the Balance Payment and the Residue Payment, where:

- (1) “**Balance Payment**” means the aggregate sum of: (i) the difference between Purchase Price I (as defined in the Previous Announcement) and Estimated Purchase Price I (as defined in the Previous Announcement); and (ii) the difference between Purchase Price II (as defined in the Previous Announcement) and Estimated Purchase Price II (as defined in the Previous Announcement); and

(2) “**Residue Payment**” means the consideration for the Disposal less the Balance Payment paid by the Purchaser up to 31 March 2010 pursuant to the Agreement.

The consideration for the Disposal was determined after arm’s length negotiations between the parties to the Agreement with reference to the Aggregate Purchase Price (as defined in the Previous Announcement), the carrying value of Glossy Bright and the Sky Charm Group on the books of the Group and the future business prospect of the Sky Charm Group.

The consideration for the Disposal shall be satisfied in cash by the Purchaser paying:

- (1) part (i) of the Balance Payment on behalf of the Company to Zhou Li in accordance with Clause 2.5(1) of the 2007 Agreement on or before 31 March 2010;
- (2) part (ii) of the Balance Payment on behalf of the Company to Zhou Li in accordance with Clause 2.6(1) of the 2007 Agreement on or before 31 March 2010; and
- (3) the Residue Payment to the Company on or before 30 June 2010.

**Completion:**

Completion took place immediately after the signing of the Agreement on 8 April 2009.

**3. SUPPLEMENTAL SHAREHOLDERS AGREEMENT**

In connection with the Disposal, the Purchaser, the Nominee and the original parties to the Shareholders Agreement have entered into the Supplemental Shareholders Agreement (supplemental to the Shareholders Agreement) on 8 April 2009, pursuant to which:

- (1) the Shareholders Agreement has been revised in view of the changes in the shareholders of Sky Charm. In particular:
  - (a) the board of directors of Sky Charm will comprise 4 directors, of which 2 will be nominated by the Company, one will be nominated by the Purchaser and the remaining one nominated by Zhou Li will be appointed chairman of the board; and
  - (b) the profits of Sky Charm will be shared among the shareholders in the following manner:
    - (i) in respect of the profits of Sky Charm for the period from 8 April 2009 to 31 October 2009:

the Company	:	50%
Zhou Li	:	40%
the Purchaser	:	10%

(ii) in respect of the profits of Sky Charm for the period from 1 November 2009 onwards:

the Company	:	40%
Zhou Li	:	40%
the Purchaser	:	20%

- (2) the Purchaser further undertakes and covenants with the original parties to the Shareholders Agreement that she will (and will procure the Nominee and Glossy Bright to) be bound by and to observe and perform all the terms and conditions and obligations in the Shareholders Agreement (as revised) with effect from the date of Completion, as if she had at all times been a party thereto and named therein as a shareholder of Sky Charm; and
- (3) the original parties to the Shareholders Agreement acknowledge that with effect from the date of Completion, the provisions of the Shareholders Agreement (as revised) shall enure for the benefit of and shall be enforceable by the Purchaser as if she had at all times been a party thereto and named as a shareholder of Sky Charm therein.

#### **4. INFORMATION ON THE GROUP AND THE SKY CHARM GROUP**

The Group is principally engaged in the business of provision of catering services, operation of Chinese restaurants and theme restaurants, production and sale of convenience food products and other related business.

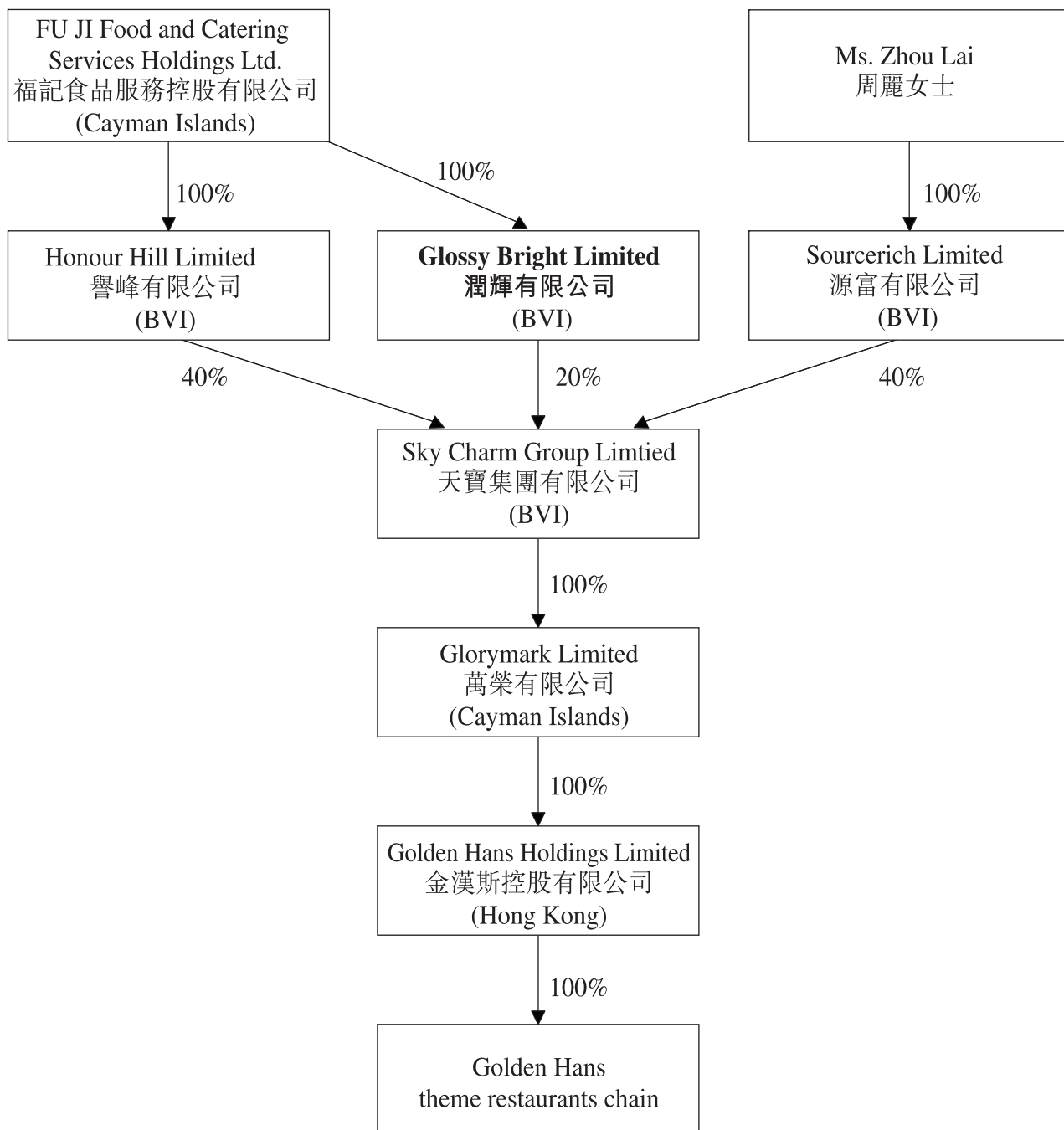
Glossy Bright is a wholly-owned subsidiary of the Company and its principal business activity has been investment holding. Glossy Bright is beneficially holding 20% of the issued share capital of Sky Charm.

Sky Charm is a private company incorporated on 9 July 2007 with limited liability under the laws of BVI, with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, 100 shares of which have been issued and are fully paid-up and beneficially owned as to 40% by Honour Hill Limited, a wholly-owned subsidiary of the Company, 20% by Glossy Bright and 40% by Sourcerich Limited, which is wholly and beneficially owned by Zhou Li.

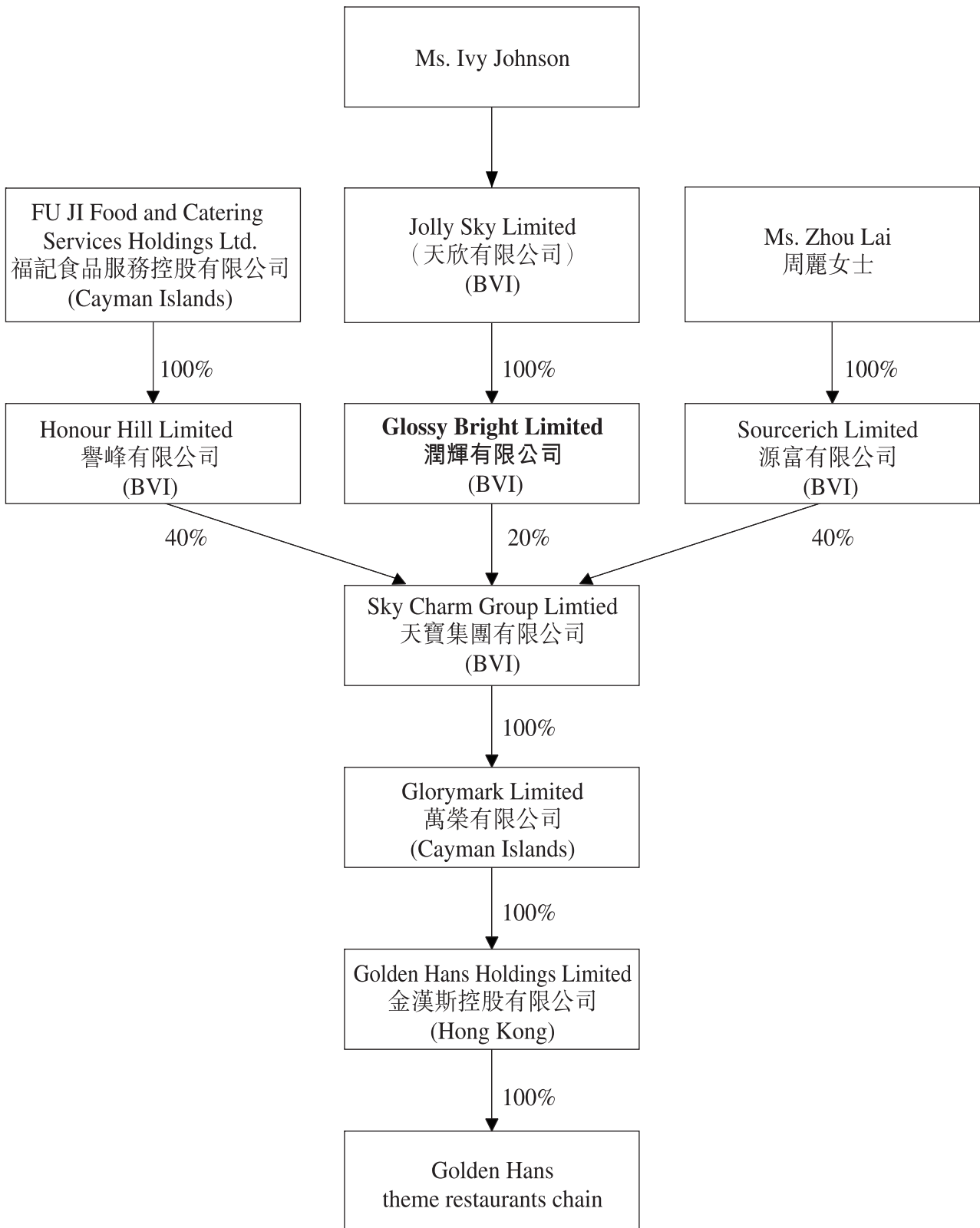
Sky Charm is the holding company for the Sky Charm Group. As at 31 March 2009, the Sky Charm Group owns and operates 51 outlets in the PRC which are principally engaged in the business of operating the Golden Hans restaurant chain, a chain of buffet restaurants that offers western-styled barbecued food and on-site beer, spreading over 29 cities in the PRC.

The structure of the Group is shown in the following diagram:

**Immediately before Completion**



**Immediately after Completion**



## 5. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Purchaser is a private investor with solid experience in investments. The Directors believe that the investment experience of the Purchaser would be beneficial to the development of the Sky Charm Group.

The recent financial turmoil presents unique investment opportunities for the high speed expansion of the Golden Hans theme restaurants chain operated by the Sky Charm Group. After the Disposal, the Group will still retain 40% interests in the Sky Charm Group. The partial disposal of its interests in the Sky Charm Group aimed at lowering the current gearing level of the Group as a whole while maintaining certain level of upside potentials of the remaining equity interests in the Sky Charm Group held by the Group.

The Board believes that the terms of the Disposal (including the consideration) are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## 6. FINANCIAL INFORMATION OF GLOSSY BRIGHT

Set out below is a summary of the financial results of the Sky Charm Group (as Glossy Bright is simply an investment holding vehicle and its sole asset is an investment in Sky Charm) based on its unaudited consolidated accounts for the two years ended 31 December 2008 which have been prepared in accordance with the accounting principles generally accepted in Hong Kong:

	<b>For the year ended 31 December 2008 RMB'000</b>	For the year ended 31 December 2007 RMB'000
Revenue	<b>527,995</b>	80,630
Net profit before taxation	<b>120,858</b>	16,616
Net profit after taxation	<b>109,245</b>	15,451
Total assets	<b>612,430</b>	481,145
Net assets	<b>59,977</b>	79,385

Upon Completion, Glossy Bright (together with the Sky Charm Group) will cease to be a subsidiary of the Company and its financial results will not be consolidated into the Group's financial statements.

## 7. FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimate that no gain or loss from the Disposal will be recorded. The calculation is as follows:

	<b>Unaudited</b> <i>RMB'000</i>
The carrying amount of net assets of the Sky Charm Group as at 31 December 2008	<u>59,977</u>
20% share of net assets as at 31 December 2008	12,000
Add: 20% of intangible assets acquired on business combination	33,000
Add: 20% of goodwill acquired on business combination	<u>190,000</u>
20% of carrying amount of net assets plus intangible assets and goodwill as at 31 December 2008	235,000
Consideration of HK\$ 266,670,000	<u>235,000</u>
Gain/Loss on the Disposal	<u>0</u>

## 8. USE OF PROCEEDS

The Directors expect that the gross proceeds from the Disposal of approximately HK\$266,670,000 will be used to reduce indebtedness of the Group.

## 9. GENERAL

The transactions contemplated under the Agreement constitute a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the Sale and Purchase Agreement dated 8 April 2009 entered into between the Company as vendor and the Purchaser relating to the Disposal
“Board”	the board of the Directors
“BVI”	the British Virgin Islands



“Company”	FU JI Food and Catering Services Holdings Limited, 福記食品服務控股有限公司, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Agreement
“Directors”	director(s) of the Company, including its independent non-executive directors
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the Agreement
“Glossy Bright”	Glossy Bright Limited, a company incorporated in BVI with limited liability
“Golden Hans Holdings”	Golden Hans Holdings Limited (formerly known as South Champ Limited), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Sky Charm
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Nominee”	Jolly Sky Limited, a company incorporated in BVI with limited liability, which is wholly and beneficially owned by the Purchaser
“PRC”	The People’s Republic of China
“Previous Announcement”	the previous announcement made by the Company on 28 September 2007 relating to the 2007 Agreement
“Purchaser”	Ivy Johnson
“Sale Shares”	100 Shares representing 100% of the issued share capital of Glossy Bright
“Share(s)”	ordinary share(s) of US\$1.00 each in the share capital of Glossy Bright
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders Agreement”	the shareholders agreement dated 27 September 2007 entered into among the Company, Sky Champ, South Champ Limited (now known as Golden Hans Holdings) and Zhou Li
“Sky Charm”	Sky Charm Group Limited, a company incorporated in BVI with limited liability
“Sky Charm Group”	Sky Charm and its subsidiaries

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Shareholders Agreement”	the supplemental shareholders agreement (supplemental to the Shareholders Agreement) entered into on 8 April 2009 among the Company, Zhou Li, the Purchaser, the Nominee, Sky Charm and Golden Hans Holdings
“Zhou Lai”	one of the original shareholders of Sky Charm, holding 40% of the issued share capital of Sky Charm through Sourcerich Limited, which is a company incorporated in BVI and wholly and beneficially owned by Zhou Li
“2007 Agreement”	the sale and purchase agreement dated 27 September 2007 entered into between the Company and Zhou Li in respect of the acquisition of 60% issued share capital of Sky Charm, details of which were disclosed in the Previous Announcement and the circular of the Company dated 15 October 2007
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board  
**FU JI Food and Catering Services Holdings Limited**  
 福記食品服務控股有限公司  
**Wei Dong**  
*Chairman*

Shanghai, 8 April 2009

*As at the date of this announcement, the Board comprises Wei Dong, Yao Juan, Tung Fai and Ku Wang as executive directors and Tsui Wai Ling, Carlye, Wong Chi Keung, Su Gang Bing and Yang Liu as independent non-executive directors.*