

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FU JI FOOD AND CATERING SERVICES HOLDINGS LIMITED

福記食品服務控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1175)

DISCLOSEABLE TRANSACTION

DISPOSAL OF HONOUR HILL LIMITED

Reference is made to the announcements of the Company dated 28 September 2007 and 8 April 2009.

The Board is pleased to inform the Shareholders that, on 19 August 2009, the Company entered into the Agreement with the Purchaser pursuant to which the Company has sold and the Purchaser has acquired the entire issued share capital of Honour Hill, which in turn holds 30% of the entire issued share capital of Sky Charm. The consideration for the Disposal is HK\$330,000,000.

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 requirements under the Listing Rules.

1. BACKGROUND

Reference is made to (i) the announcement of the Company dated 28 September 2007 in relation to the acquisition by the Company of 60% of the entire issued share capital of Sky Charm from Zhou Li, and (ii) the announcement of the Company dated 8 April 2009 in

relation to the disposal by the Company of 20% of the entire issued share of Sky Charm to Ivy Johnson.

The Board is pleased to inform the Shareholders that, on 19 August 2009, the Company entered into the Agreement with the Purchaser pursuant to which the Company has sold and the Purchaser has acquired the entire issued share capital of Honour Hill, which in turn holds 30% of the entire issued share capital of Sky Charm.

2. THE AGREEMENT

On 19 August 2009, the Company entered into the Agreement with the Purchaser in relation to the Disposal.

Date: 19 August 2009

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

Purchaser: Goalman Limited, a company incorporated in BVI with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires and as advised by the Company's legal adviser, the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

There was no prior transaction between the Group and the Purchaser and/or its 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.

Interests to be disposed of:

Pursuant to the Agreement, on and subject to the terms of the Agreement, the Purchaser has acquired from the Company the Sale Shares representing 100% of the entire issued share capital of Honour Hill, which in turn holds 30% of the entire issued capital of Sky Charm.

Consideration:

The consideration for the Disposal is HK\$330,000,000.

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 announcement by the Company dated 28 September 2007), the carrying value of Honour Hill 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:

- (i) HK\$125,000,000 on Completion; and
- (ii) HK\$205,000,000 on or before 31 December 2009 (the “**Outstanding Amount**”).

Conditions Precedent:

Completion of the Disposal is subject to the following conditions precedent being fulfilled or waived:

- (i) the Company receiving a written confirmation from Zhou Li confirming, among other things, that the Group has fulfilled or is deemed to have fulfilled all of its responsibilities, obligations and undertakings under the 2007 Agreement, including but not limited to and save as otherwise provided in the written confirmation, all payments payable by the Company to Zhou Li pursuant to the 2007 Agreement, the Shareholders Agreement, the 1st Supplemental Shareholders Agreement and the 2nd Supplemental Shareholders Agreement;
- (ii) Honour Hill and/or Sky Charm having obtained the necessary board approval, if any, for the Disposal; and
- (iii) the Company receiving a formal confirmation or document of equivalent effect evidencing that the Purchaser has instructed for the payment of HK\$125,000,000 to the designated bank account of the Company with respect to the Disposal.

Undertakings:

Pursuant to the Agreement, the Purchaser has agreed to give, among other things, certain undertakings as set out below:

- (i) Within 14 days of Completion, the Purchaser shall enter into the 3rd Supplemental Shareholders Agreement; and

- (ii) On Completion, the Purchaser shall enter into the Share Charge Agreement at the request of the Company.

Completion:

Completion shall take place on the date when all the conditions precedent described above have been fulfilled or waived, or any other date according to the Agreement. In the event that any conditions precedent have not been fulfilled or waived before 30 September 2009, the Agreement shall terminate accordingly.

3. INFORMATION ABOUT THE GROUP AND 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.

Honour Hill is a wholly-owned subsidiary of the Company and its principal business activity has been investment holding. Honour Hill is beneficially holding 30% of the entire issued share capital of Sky Charm.

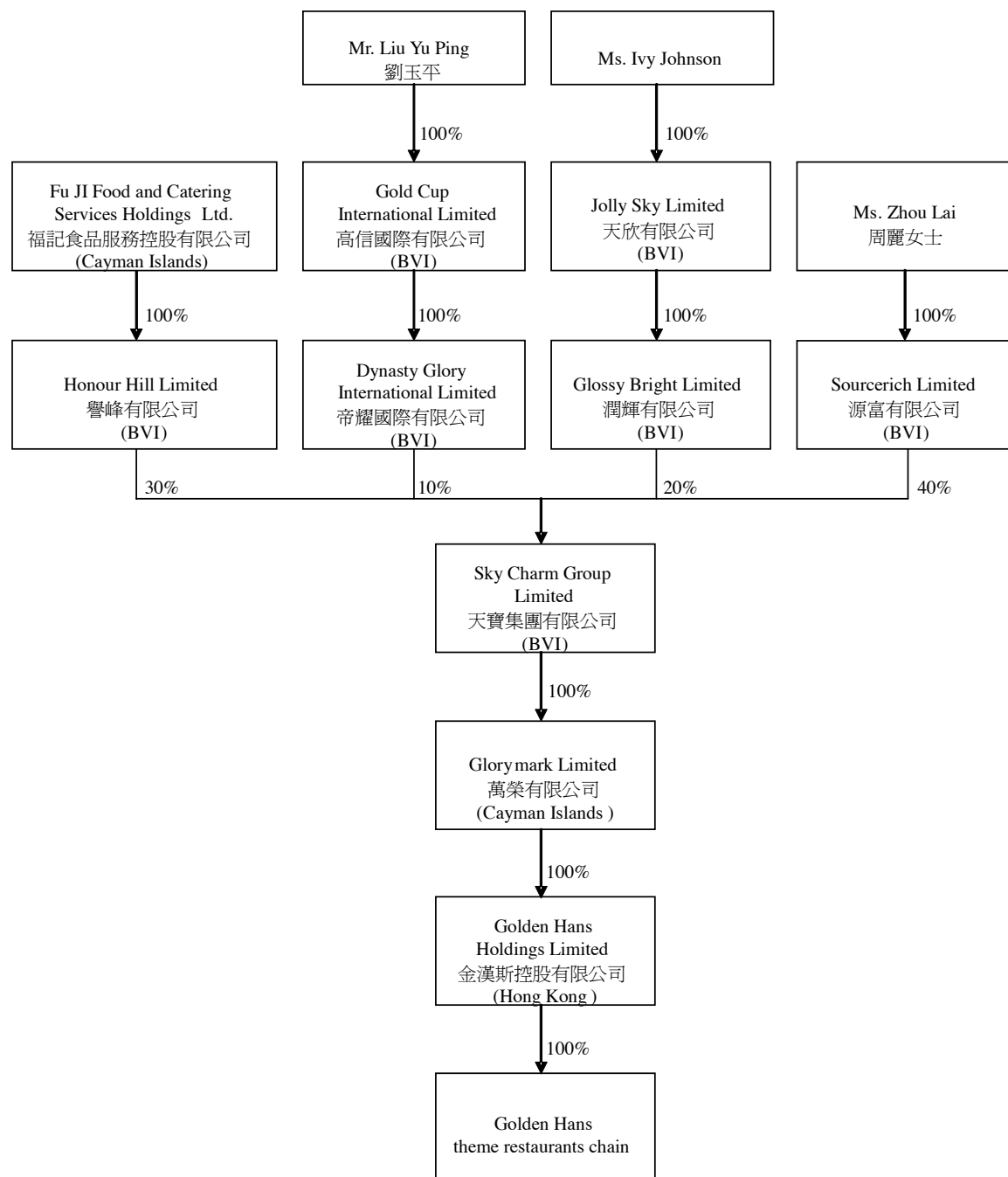
Sky Charm is a private company incorporated on 9 July 2007 with limited liability under the laws of BVI, with an authorized share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, 100 shares of which have been issued and are fully paid-up and prior to Completion, beneficially owned as to (i) 30% by Honour Hill, (ii) 20% by Glossy Bright, which is wholly and beneficially owned by Ivy Johnson through Jolly Sky, (iii) 40% by Sourcerich Limited, which is wholly and beneficially owned by Zhou Li, and (iv) 10% by Dynasty Glory International Limited, which is wholly and beneficially owned by Liu Yu Ping through Gold Cup¹.

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 barbequed food and on-site beer, spreading over 29 cities in the PRC.

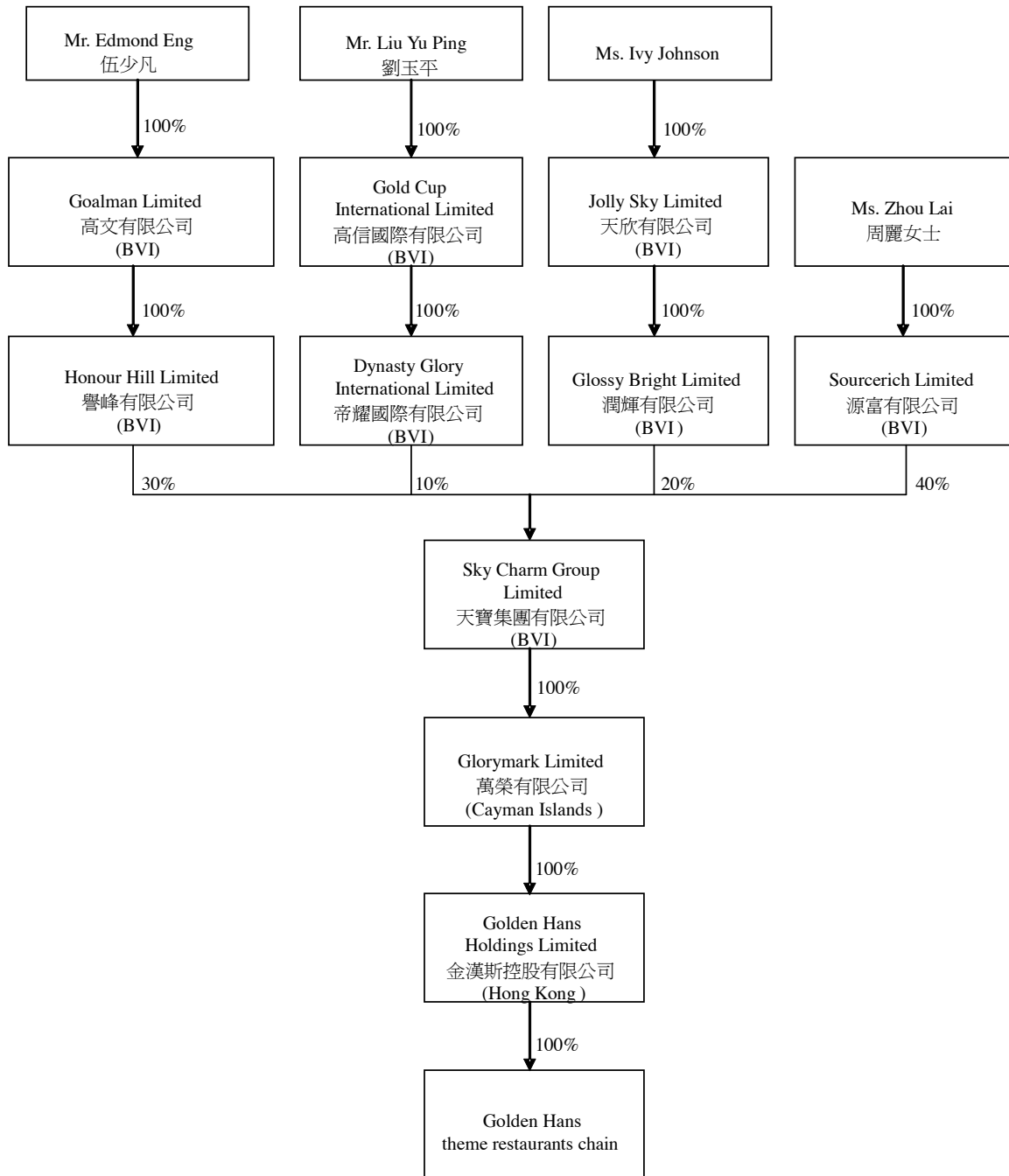
¹ On 19 May 2009, Liu Yu Ping, through entities wholly and beneficially owned by him, acquired 10% of the entire issued share capital of Sky Charm from the Company. This transaction did not constitute a discloseable transaction for the Company under Rule 14.62(2) of the Listing Rules, and was not subject to the notification and announcement requirements under the Listing Rules.

The shareholding structures of the Sky Charm Group are shown in the following diagrams:

Immediately before Completion



Immediately after Completion



4. REASONS FOR THE DISPOSAL

Having considered the depressing market sentiments brought about by the global financial tsunami, the Directors believe that the Disposal is a good opportunity for the Group to divest its interest in Sky Charm and to focus on exploring potential opportunities in the principal lines of business that the Group is currently pursuing. The Disposal will also allow the Group to lower the current gearing level of the Group as a whole.

The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

5. FINANCIAL INFORMATION ABOUT HONOUR HILL

Set out below is a summary of the financial results of the Sky Charm Group (as Honour Hill 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:

	For the year ended 31 December 2008 <i>RMB'000</i>	For the year ended 31 December 2007 <i>RMB'000</i>
Turnover	501,585	80,630
Net profit before taxation	111,272	16,616
Net profit after taxation	94,411	15,451
Total assets	531,007	481,145
Net assets	58,428	79,385

6. FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimate that no material gain or loss from the Disposal will be recorded, which is calculated based on the difference between the consideration for the Disposal and the carrying amount of 30% of the entire issued share capital of Sky Charm.

7. USE OF PROCEEDS

The Directors expect that the gross proceeds from the Disposal of approximately HK\$330,000,000 will be used to reduce indebtedness of the Group.

8. GENERAL

The transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

9. SUSPENSION OF TRADING

At the request of the Company, trading in the shares and convertible bonds of the Company have been suspended since 9:30 a.m. on 29 July 2009 pending the release of an announcement relating to the publication of its annual results and despatch of its annual report for the year ended 31 March 2009.

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 19 August 2009 entered into between the Company and the Purchaser in relation 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 entire 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 to the Purchaser pursuant to the Agreement
“Edmond Eng”	a private investor, who is concurrently a staff member and an associate of Prism Investments Limited, a business consultancy firm that provides the Company with strategic consultancy services with regards to international business issues and technical advisory services in a professional capacity
“Glossy Bright”	Glossy Bright Limited, a company incorporated in BVI with limited liability
“Gold Cup”	Gold Cup International Limited, a company incorporated in BVI with limited liability, which is wholly and beneficially owned by Liu Yu Ping
“Golden Hans Holdings”	Golden Hans Holdings Limited (formerly known as South Champ Limited), a company incorporated in Hong Kong with limited liability and wholly-owned by Sky Charm
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honour Hill”	Honour Hill Limited, a company incorporated in BVI with limited liability
“Ivy Johnson”	one of the shareholders of Sky Charm, holding 20% of the entire issued share capital of Sky Charm through Jolly Sky
“Jolly Sky”	Jolly Sky Limited, a company incorporated in BVI with limited liability, which is wholly and beneficially owned by Ivy Johnson
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	The People’s Republic of China
“Purchaser”	Goalman Limited, a company incorporated in BVI with limited liability, which is wholly and beneficially owned by Edmond Eng
“Sale Shares”	the 100 Shares representing 100% of the entire issued share capital of Honour Hill
“Share(s)”	ordinary share(s) of US\$1.00 each in the share capital of Honour Hill
“Share Charge Agreement”	the share charge agreement to be entered into between the Purchaser and the Company, pursuant to which (a) the Purchaser shall pledge the Sale Shares held by it in favour of the Company as security for the Outstanding Amount payable by the Purchaser, and (b) the security created under such agreement shall lapse and be discharged upon payment of the Outstanding Amount in full by the Purchaser on or before 31 December 2009
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders Agreement”	the shareholders agreement dated 27 September 2007 entered into among the Company, Zhou Li, Sky Charm and South Champ Limited (now known as Golden Hans Holdings)
“Sky Charm”	Sky Charm Group Limited, a company incorporated in BVI with limited liability
“Sky Charm Group”	Sky Charm and its subsidiaries
“Sourcerich Limited”	Sourcerich Limited, a company incorporated in BVI with limited liability, which is wholly and beneficially owned by Zhou Li
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhou Li”	one of the shareholders of Sky Charm, holding 40% of the entire issued share capital of Sky Charm through Sourcerich Limited

“1 st Supplemental Shareholders Agreement”	the 1 st supplemental shareholders agreement (supplemental to the Shareholders Agreement) dated 8 April 2009 among the Company, Zhou Li, Ivy Johnson, Jolly Sky, Sky Charm and Golden Hans Holdings
“2 nd Supplemental Shareholders Agreement”	the 2 nd supplemental shareholders agreement (supplemental to the 1 st Supplemental Shareholders Agreement) dated on 19 May 2009 among the Company, Zhou Li, Ivy Johnson, Jolly Sky, Liu Yu Ping, Gold Cup, Sky Charm and Golden Hans Holdings
“3 rd Supplemental Shareholders Agreement”	the 3 rd supplemental shareholders agreement (supplemental to the 2 nd Supplemental Shareholders Agreement) to be entered into among, the relevant shareholders or the ultimate beneficial owners of Sky Charm as at the time of signing the 3 rd Supplemental Shareholders Agreement, the Purchaser, Sky Charm and Golden Hans Holdings
“2007 Agreement”	the sale and purchase agreement dated 27 September 2007 between the Company and Zhou Li in relation to the acquisition of 60% of the entire issued share capital of Sky Charm, details of which are set out in the announcement by the Company on the same day 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, 19 August 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.