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福記食品服務控股有限公司
(已委任臨時清盤人)

FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators Appointed)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1175)

**HK\$1,000,000,000 ZERO COUPON CONVERTIBLE BONDS
DUE 2009**
(Stock Code: 1506)

**RMB1,500,000,000 HK\$ SETTLED ZERO COUPON CONVERTIBLE
BONDS DUE 2010**
(Stock Code: 1603)

PROPOSED RESTRUCTURING OF THE COMPANY

THE REORGANISATION PROPOSAL

The Provisional Liquidators are pleased to announce that on 16 March 2010, the Company, the Provisional Liquidators and the Investor entered into the Heads of Terms, which are legally binding and set out the agreement of the parties in respect of major provisions of the Reorganisation Proposal and are subject to the execution of definitive documentation. All parties to the Heads of Terms shall use their respective best endeavours to procure the satisfaction of the conditions as set out under the Heads of Terms as soon as practicable, and in any event, no later than the Long-Stop Date.

THE HEADS OF TERMS

As set out in the Heads of Terms, the Reorganisation Proposal will involve the

execution of the following transactions, as the case may be: (i) the intra-group transfer of the Catering and Restaurant Business including the relevant business contracts, assets and/or employees of the Group which the Provisional Liquidators consider necessary for the continuation of the Catering and Restaurant Business by the Group; (ii) the transfer and disposal of such right, title and interest in certain assets of the Group to the Investor; (iii) the execution of a management agreement between the Company and the Investor pursuant to which the Investor shall provide management services to the Catering and Restaurant Business for a fee; (iv) the debt restructuring and the capital reorganisation of the Company; (v) the submission of the Resumption Proposal to the Stock Exchange for the purpose of seeking the resumption of the trading of the Shares on the Stock Exchange; (vi) the subscription of the new Shares and preference shares of the Company by the Investor; and (vii) the disposal of assets of the Group by way of Scheme of Arrangement to fully compromise and discharge all indebtedness due from the Group to the Scheme Creditors, by creating a trust to hold certain assets of the Group for the purposes of payment and distribution to the Scheme Creditors.

The capital reorganisation of the Company and the subscription of the new Shares and preference shares of the Company by the Investor under items (iv) and (vi) above may or may not proceed and will take place only if the Resumption Proposal becoming successful.

GENERAL

The Company shall take all reasonable steps and do all such things as are reasonably necessary to ensure that the Company complies with the provisions of the Listing Rules and with all other applicable laws, regulations and practices to ensure that the Company maintains its listing status on the Stock Exchange, provided that such steps are consistent with the legal and economic consequences of the insolvency of the Company.

At the request of the Company, trading in the shares and convertible bonds of the Company has been suspended since 29 July 2009 and shall remain suspended until further notice. A further announcement will be made if and when there are material developments such as entering into of the definitive documentation in relation to the Reorganisation Proposal and details of the steps involved will also be set out in such further announcement.

Completion of the Reorganisation Proposal involves, amongst others, the entering into of definitive documentation. The release of this announcement is not an indication that the Reorganisation Proposal will be completed or trading of the Shares will be resumed.

BACKGROUND

On 19 October 2009, Messrs Edmund Yeung Lui Ming, Derek Lai Kar Yan and Darach E. Haughey of Deloitte Touche Tohmatsu of 35th Floor, One Pacific Place, 88 Queensway,

Hong Kong were appointed as joint and several provisional liquidators of the Company by the Hong Kong Court.

Following their appointment, the Provisional Liquidators issued an advertisement on 30 November 2009 in Hong Kong Economic Times and South China Morning Post in relation to the proposed sale of the Group's assets and businesses as a going concern and sought expressions of interest in relation to such sale. Further to such advertisement, the Provisional Liquidators received expressions of interest from various parties, including companies in the catering and food and beverage industry and other industries as well as various financial investors.

In December 2009, the Provisional Liquidators issued a tender process memorandum and guidance note to those parties who had registered their interest in the proposed sale of the Group's assets and businesses as a going concern and executed confidentiality and non-disclosure agreements with such parties.

On 5 February 2010, the Provisional Liquidators received proposals from potential investors for the sale of the Group's assets and businesses as a going concern. After carefully reviewing and considering the documents, explanations and clarifications received from such potential investors, the financial position of the Company as well as the commercial and other aspects of the proposals from such potential investors, including but not limited to the recovery by creditors and the time required to implement the proposals, the Provisional Liquidators considered that the proposal received from the Investor represented the best option available to the Company and its shareholders at that time and accordingly, entered into exclusive negotiations with the Investor in relation to the restructuring of the Group, including but not limited to disposal of certain assets and businesses of the Group.

THE HEADS OF TERMS

The Provisional Liquidators are pleased to announce that on 16 March 2010, the Company, the Provisional Liquidators and the Investor entered into the Heads of Terms, which are legally binding and set out the agreement of the parties in respect of major provisions of the Reorganisation Proposal and are subject to the execution of definitive documentation. All parties to the Heads of Terms shall use their respective best endeavours to procure the satisfaction of the conditions as soon as practicable, and in any event, no later than the Long-Stop Date. Subject to the Investor Holdco securing all necessary approvals from the relevant PRC authorities, the Investor Holdco shall give an unconditional and irrevocable guarantee for the due and punctual performance of the Investor's payment obligations under the Heads of Terms and the definitive documentation.

As set out in the Heads of Terms, the Reorganisation Proposal will involve the execution of the following transactions, as the case may be: (i) the intra-group transfer of the Catering and Restaurant Business including the relevant business contracts, assets and/or employees of the Group which the Provisional Liquidators consider necessary for the continuation of the Catering and Restaurant Business by the Group; (ii) the transfer and disposal of such

right, title and interest in certain assets of the Group to the Investor; (iii) the execution of a management agreement between the Company and the Investor pursuant to which the Investor shall provide management services to the Catering and Restaurant Business for a fee; (iv) the debt restructuring and the capital reorganisation of the Company; (v) the submission of the Resumption Proposal to the Stock Exchange for the purpose of seeking the resumption of the trading of the Shares on the Stock Exchange; (vi) the subscription of the new Shares and preference shares of the Company by the Investor; and (vii) the disposal of assets of the Group by way of Scheme of Arrangement to fully compromise and discharge all indebtedness due from the Group to the Scheme Creditors, by creating a trust to hold certain assets of the Group for the purposes of payment and distribution to the Scheme Creditors.

The capital reorganisation of the Company and the subscription of the new Shares and preference shares of the Company by the Investor under items (iv) and (vi) above may or may not proceed and will take place only if the Resumption Proposal becoming successful.

According to the Heads of Terms, the maximum total consideration offered by the Investor in the Reorganisation Proposal is HK\$658,070,000.

The Investor agrees to co-operate fully with, and provide all reasonable assistance to, the Company with regard to the maintenance of the listing status of the Company and the maintenance of Sufficient Operations. As at the date of this announcement, no proposal for the resumption of trading of the Shares has been submitted to the Stock Exchange for its review and consideration.

A further announcement will be made if and when there are material developments such as the entering into of the definitive documentation in relation to the Reorganisation Proposal and details of the steps involved will also be set out in such further announcement.

LATEST DEVELOPMENT

On 1 April 2010, the Hong Kong Court sanctioned, amongst other things, the asset disposals contemplated in the Heads of Terms, which include the disposal of certain assets of the Group to the Investor. The Provisional Liquidators are authorized to negotiate, draft, execute and/or obtain all transactions and other documents as the Provisional Liquidators think fit to effect the disposal of certain assets of the Group. At present, the Provisional Liquidators and the Company are under negotiations with the Investor in respect of the terms of the definitive documentation in this regard.

INFORMATION ON AND ABOUT THE INVESTOR

The Investor is a company incorporated in the BVI and is currently held by two nominee individual shareholders each holding 50% of the issued share capital of the Investor. Investor Holdco is a company established in the PRC and is controlled by Anhui Investment through Anhui Venture. Anhui Investment holds 40% effective interest in Investor Holdco. Other shareholders of Investor Holdco include Redbud Holding through

Shanghai Huali and Guangdong Huaheng. Each of Redbud Holding and Guangdong Huaheng holds 30% effective interest in Investor Holdco. Pursuant to a declaration of trust dated 18 May 2010 and executed by the nominee individual shareholders of the Investor, the nominee individual shareholders of the Investor declared that they have been holding the entire issued share capital of the Investor together with all interests, benefits and rights thereto on trust for Anhui Venture, Shanghai Huali and Guangdong Huaheng in the proportion of 40%, 30% and 30% respectively, on the terms set out in the declaration of trust since the nominee individual shareholders first acquired the shares in the Investor. Further, pursuant to an undertaking dated 21 May 2010 and executed jointly by Anhui Venture, Shanghai Huali and Guangdong Huaheng, Anhui Venture, Shanghai Huali and Guangdong Huaheng have undertaken to the nominee individual shareholders of the Investor, the Company and the Provisional Liquidators that subject to Investor Holdco obtaining all necessary approvals, registrations and completion of necessary filing procedures in the PRC, they shall procure Investor Holdco (or its wholly owned subsidiary) to acquire the entire shareholding in the Investor from the two nominee individual shareholders for nil consideration and upon completion of the acquisition of such shareholding, Investor Holdco (or its wholly owned subsidiary) will become the immediate holding company of the Investor. Anhui Venture, Shanghai Huali and Guangdong Huaheng have further undertaken to the nominee individual shareholders of the Investor, the Company and the Provisional Liquidators that upon completion of the acquisition of such shareholding, they shall continue to perform the obligations of the Investor under the Heads of Terms through Investor Holdco and the Investor.

The Provisional Liquidators confirm that to the best of the Provisional Liquidators' knowledge, information and belief having made all reasonable enquiries, the Investor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE HEADS OF TERMS

The Provisional Liquidators consider that the terms of the Heads of Terms are fair and reasonable and, to the extent possible are, in the interests of the shareholders of the Company as a whole. Given that the Company is insolvent at the moment, the successful implementation of the proposed Reorganisation Proposal by the Investor will enable the Company to avoid being wound up and to emerge as a financially healthy company. If the Resumption Proposal is successful, the Company will maintain its listing status, and the existing shareholders of the Company will still be holders of listed shares of the Company.

GENERAL

The Company shall take all reasonable steps and do all such things as are reasonably necessary to ensure that the Company complies with the provisions of the Listing Rules and with all other applicable laws, regulations and practices to ensure that the Company maintains its listing status on the Stock Exchange, provided that such steps are consistent with the legal and economic consequences of the insolvency of the Company.

At the request of the Company, trading in the shares and convertible bonds of the Company has been suspended since 29 July 2009 and shall remain suspended until further notice.

Completion of the Reorganisation Proposal involves, amongst others, the entering into of the definitive documentation. The release of this announcement is not an indication that the Reorganisation Proposal will be completed or trading of the Shares will be resumed.

DEFINITIONS

“Anhui Investment”	安徽省投資集團有限責任公司 (Anhui Province Investment Group Co., Ltd.*), a state-owned enterprise in the PRC
“Anhui Venture”	安徽省創業投資有限公司 (Anhui Province Venture Investment Group Co., Ltd.*), a company established under the laws of the PRC
“Catering and Restaurant Business”	collectively, the industrial and contract catering business and the Chinese restaurant business carried on (and formerly carried on) by the companies
“Cayman Court”	the Grand Cayman Court
“Company”	FU JI Food and Catering Services Holdings Limited (福記食品服務控股有限公司) (provisional liquidators appointed), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Creditor”	any person having the right to receive or benefit of any claim against the Company
“Cross-border Recognition”	in connection with any insolvency proceeding commenced in any one jurisdiction the recognition of that insolvency proceeding in another jurisdiction, whether under laws relating to bankruptcy, liquidation, insolvency, reorganisation, winding-up, or composition or adjustment of debts or similar law, international principles of judicial comity, statute, enactment or other regulation including any application under the Foreign Bankruptcy Proceedings (International Co-Operation) Rules, 2008 of the Cayman Islands as amended from time to time or an

	ancillary compromise or arrangement made in the Cayman Islands pursuant to section 86 of the Companies Law
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company, its subsidiaries and associates from time to time
“Guangdong Huaheng”	廣東華亨能源有限公司 (Guangdong Huaheng Energy Co., Ltd.*), a company established under the laws of the PRC
“Heads of Terms”	the heads of terms dated 16 March 2010 entered into among the Company, the Provisional Liquidators (without personal liability) and the Investor setting out the agreement of the parties in respect of major provisions of the Reorganisation Proposal and are subject to the execution of definitive documentation in due course
“HK\$”	the lawful currency of Hong Kong (from time to time)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“Investor”	Marvel Light Holdings Limited, a company incorporated in the BVI
“Investor Holdco”	安徽豐收投資有限公司 (Anhui Harvest Investment Co., Ltd.*), a company established in the PRC and is controlled by Anhui Investment, a state-owned enterprise in the PRC, through Anhui Venture which holds 40% effective interest in Investor Holdco. Other shareholders of Investor Holdco include Redbud Holding through Shanghai Huali and Guangdong Huaheng. Each of Redbud Holding and Guangdong Huaheng holds 30% effective interest in Investor Holdco
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Long-Stop Date”	5:00 p.m. (Hong Kong) on 31 March 2011 or such later date as may be agreed by the Provisional Liquidators

“PRC”	the People’s Republic of China (excluding Hong Kong).
“Provisional Liquidators”	Messrs Yeung Lui Ming (Edmund), Lai Kar Yan (Derek) and Darach E. Haughey of Deloitte Touche Tohmatsu of 35 th Floor, One Pacific Place, 88 Queensway, Hong Kong
“Redbud Holding”	紫荊控股有限公司 (Tsinghua Redbud Holding Ltd.*), a state-owned enterprise in the PRC
“Reorganisation Proposal”	the proposals by the Investor as stipulated under the Heads of Terms
“Resumption Proposal”	the written proposal to be submitted to the Stock Exchange (as supplemented or amended from time to time) seeking the resumption of the trading of shares of the Company on the Stock Exchange as one of the conditions to the proposed restructuring of the Company and shall comprise of the capital reorganisation of the Company and the subscription of the new Shares and preference shares of the Company by the Investor, is subject to, amongst others, approval of the Scheme of Arrangement by Scheme Creditors
“RMB”	the lawful currency of the PRC from time to time
“Scheme Creditors”	a Creditor having the benefit of a scheme claim (including, as may be provided for in the Scheme of Arrangement, the bondholders in their own name as contingent creditors and otherwise as beneficial owners of an interest in HK\$1,000,000,000 Zero Coupon Convertible Bonds due 2009 (“2009 Bonds”) and RMB1,500,000,000 HK\$ Settled Zero Coupon Convertible Bonds due 2010 (“2010 Bonds”) issued by the Company, or through the common depository as registered holder (and absolute owner) of the 2009 Bonds and 2010 Bonds, or through (i) The Bank of New York Mellon in respect of the 2009 Bonds; or (ii) Capita Trust Company Limited in respect of the 2010 Bonds under any applicable powers contained in the bond documentation)
“Scheme of Arrangement”	the proposed compromise or arrangement of the Company under section 166 of the Companies Ordinance (Chapter 32) of the laws of Hong Kong together with such other Crossborder Recognition arrangements, as may be necessary or advisable, in England and Wales and the Cayman Islands including an application under the

Foreign Bankruptcy Proceedings (International Co-Operation) Rules, 2008 of the Cayman Islands as amended from time to time or an ancillary scheme of arrangement of the Company made under section 86 of the Companies Law Chapter 22 (Law 3 of 1961) of the Cayman Islands

“Shanghai Huali”	上海華利投資有限公司 (Shanghai Huali Investment Co., Ltd.*), a company established under the laws of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sufficient Operations”	has the meaning ascribed to it under Rule 13.24 of the Listing Rules regarding the level of operations and tangible assets of the Company and, further, whether there is sufficient value or level of intangible assets for which a sufficient potential value can be demonstrated to warrant the continued listing of the Shares on the Stock Exchange

For and on behalf of
FU JI Food and Catering Services Holdings Limited
(Provisional Liquidators appointed)
Lai Kar Yan (Derek)
Yeung Lui Ming (Edmund)
Darach E. Haughey
Joint and Several Provisional Liquidators
Acting as agents for and on behalf of
the Company without personal liability

Hong Kong, 26 May 2010

** For identification purposes only*

As at the date of this announcement, the Board comprises of Wong Chi Keung as an independent non-executive director.