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福記食品服務控股有限公司

FU JI Food and Catering Services Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1175)

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF 25% EQUITY INTERESTS IN
WUXI MEITONG FOOD TECHNOLOGY CO., LTD.**

On 23 May 2015, the Company entered into the Agreement with the Seller to acquire 25% equity interests in the Target. The Target is a sino-foreign equity enterprise established under the laws of the PRC with a registered capital of USD25,000,000. Its principal activities are food processing business and holding of the Properties.

The Properties comprise a total site area of about 77,776.5 sq.m. of land located in Wuxi City, Jiangsu Province, the PRC, with 11 buildings built on the land having a gross floor area of about 64,878.87 sq.m., and related structures and fixtures. The Properties are used as food processing and logistics centre for fresh and cold food.

The total consideration for the Acquisition of the 25% equity interests in the Target is RMB98,749,000.

The Seller, which is ultimately and indirectly owned as to 50% by Mr. Wang, is an associate of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, the controlling shareholder of the Company and Marvel Light is also an associate of Mr. Wang. Accordingly, the Seller is a connected person of the Company at issuer level.

The Acquisition constitutes a major acquisition and a connected transaction on the part of the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects to despatch the circular to the Shareholders and the notice of the EGM on or before 15 July 2015. Shareholders and potential investors should refer to the circular when it becomes available for further details of the Agreement and the transactions contemplated thereunder.

PRINCIPAL TERMS OF THE AGREEMENT

Date: 23 May 2015

Parties:

1. The Company as the purchaser
2. The Seller as the seller

The Seller is a company incorporated in Hong Kong with limited liability and its principal activities is investment holding. The Seller, which is ultimately and indirectly owned as to 50% by Mr. Wang, is an associate of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, the controlling shareholder of the Company and Marvel Light is also an associate of Mr. Wang. Accordingly, the Seller is a connected person of the Company at issuer level.

ASSETS TO BE ACQUIRED

The Company will acquire 25% equity interests in the Target.

CONDITIONS PRECEDENT

Completion of the Acquisition is conditional upon the satisfactions of the following conditions precedent on or before 31 December 2015:

- (1) the obtaining of all necessary approvals from the board of directors and the shareholders of the Purchaser and the Seller in accordance with all applicable laws, rules and the constitutional documents respectively;
- (2) the obtaining of all necessary approvals from applicable governmental and regulatory authorities by the Purchaser and the Seller in accordance with all applicable laws;
- (3) the Purchaser obtaining a valuation report from an independent professional property valuer to be engaged by the Purchaser showing the Properties' Values of the Target substantially similar to the carrying value of RMB690,561,447; and
- (4) the Purchaser obtaining a PRC legal opinion from a PRC legal adviser to be engaged by the Purchaser in relation to matters relating to the Target in the form and content satisfactory to the Purchaser.

If the above conditions precedent are not satisfied on or before 31 December 2015, unless the Purchaser and the Seller have otherwise extended the time to satisfy the outstanding conditions precedent, the Seller shall return the deposit, without interest, to the Purchaser and any consideration that the Purchaser may have paid to the Seller and the Agreement shall automatically be terminated save for any antecedent breach.

DEPOSIT AND DUE DILIGENCE

On or before 1 October 2015, the Purchaser shall pay to the Seller in cash RMB1,000,000 as deposit, failing which the Agreement will automatically lapse.

The Purchaser shall be entitled to carry out all necessary due diligence on the Target within 90 Business Days from the date of the Agreement, and to carry out supplemental due diligence on the Target within 120 Business Days from the date of the Agreement. If the Purchaser discovers that there are material defects of the Target, the Purchaser is entitled to terminate the Agreement which shall be exercisable by the Purchaser on or before 30 November 2015. If the Purchaser exercises such right to terminate the Agreement, the Seller shall return the deposit, without interest, to the Purchaser and any consideration that the Purchaser may have paid to the Seller.

CONSIDERATION

The total consideration for the acquisition of the 25% equity interests in the Target is RMB98,749,000. The consideration is determined based on the 25% of the net asset value of the Target as at 31 December 2014, which is RMB98,749,000.

Since the principal business activities of the Target is the holding of the Properties, the Purchaser and the Seller agrees that if the Properties' Values to be obtained is less than RMB690,561,447 as shown on the accounts of the Target as at 31 December 2014, the total consideration shall be adjusted downward by subtracting the 25% of the valuation shortfall on a dollar-to-dollar basis. On the contrary, if the Properties' Values to be obtained exceeds RMB690,561,447, no upward adjustment shall be made to the consideration.

Payment terms

The consideration (or the adjusted consideration) shall be payable in cash by two stages as follows:

First stage payment: 20% of the consideration (or the adjusted consideration) shall be paid by the Purchaser at least ten Business Days before the Completion Date; and

Second stage payment: 80% of the consideration (or the adjusted consideration) shall be paid by the Purchaser within thirty Business Days after the Completion Date.

The Purchaser shall be entitled to treat the deposit to satisfy part of the consideration (or adjusted consideration).

The consideration was arrived at after arm's length negotiation with the Seller with reference to the net asset value of the Target, and subject to adjustment if the Properties' Value is less than that as shown on the accounts of the Target as the assets of the Target comprises principally the Properties. The Directors (other than the INEDs who will express their opinion after receiving the advice from the Independent Financial Adviser) considers that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company intends to carry out additional fund raising activities to satisfy part or all of the consideration.

COMPLETION

Completion shall take place within five Business Days following the day on which all the conditions precedent of the Agreement are satisfied.

INFORMATION OF THE SELLER

The Seller

The Seller is a company incorporated in Hong Kong with limited liability and its principal activities is investment holding. The Seller directly holds 25% equity interests in the Target and indirectly holds the remaining 75% equity interests in the Target.

The Seller was originally a wholly owned subsidiary of the Company. Following completion of the reorganisation and restructuring of the then existing Group leading up to the resumption of trading of the Company, the Seller was, among certain other members of the then existing Group, disposed and transferred to the members of the investor group comprising Marvel Light on 7 June 2013.

As at the date of this announcement, the Seller is ultimately and indirectly owned as to 50% by Mr. Wang and an associate of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, the controlling shareholder of the Company and, Marvel Light is also an associate of Mr. Wang.

Accordingly, the Seller is a connected person of the Company at the issuer level.

INFORMATION OF THE TARGET

The Target is a sino-foreign equity enterprise established under the laws of the PRC with a registered capital of USD25,000,000. Its principal activities are food processing business and holding of the Properties.

The Properties comprise a total site area of about 77,776.5 sq.m. of land located in Wuxi City, Jiangsu Province, the PRC, with 11 buildings built on the land having a gross floor area of about 64,878.87 sq.m., and related structures and fixtures. The Properties are used as food processing and logistics centre for fresh and cold food.

Set out below is the financial information of the Target for the two financial years ended 31 December 2013 and 2014:

	For the year ended 31 Dec 2013 RMB '000	For the year ended 31 Dec 2014 RMB '000
Turnover	9,265	9,831
Net profits (before taxation)	3,823	4,007

Net profits (after taxation)	3,823	4,007
	As at	As at
	31 Dec 2013	31 Dec 2014
	RMB '000	RMB '000
Total asset value	716,740	698,914
Net asset value	390,989	394,996

REASONS FOR ENTERING INTO THE AGREEMENT

The principal activities of our Group have been changing from delivery and processing and sale of convenient packaged food to providing nationwide cold food storage and logistics platforms, providing catering industries and individuals for large scale food ingredients and convenient packaged food integrated services, and facilitate the integration of the demand and supply networks of the PRC's food industry.

Following the completion of the restructuring and reorganisation of the then existing Group leading up to the resumption of trading of the Company on 8 July 2013, the Group has been consolidating and improving upon its business operations. Also taking into consideration the positive response from the placing of new Shares of the Company which was completed on 8 April 2015, the Board considers it is prudent not only to focus on expanding new business operations, but also to slowly recapture our Group's previous business operations and activities. In this regard, the Board has recently initiated discussion with the investor group of Marvel Light exploring the possibilities to repurchase certain of those assets and business disposed by the Group under the restructuring and reorganisation. Following arm's length discussion, the parties consider it would be mutually beneficial for the Company to become a strategic investor in the Target (which was once wholly owned and operated by the Group) and led to the signing of the Agreement.

Taking into account the above, the terms of the Agreement and the basis of the consideration (and adjusted consideration) as a whole, the Directors (other than the INEDs who will express their opinion after receiving the advice from the Independent Financial Adviser) believe the terms of the Agreement and the transactions contemplated therein are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios exceeds 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company.

The Seller is ultimately and indirectly owned as to 50% by Mr. Wang and an associate of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, the controlling shareholder of the Company and, Marvel Light is also an associate of Mr. Wang. Accordingly, the Seller is a connected person of the Company at the issuer level and the Acquisition constitutes a connected transaction on the part of the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang and his associates, including Marvel Light, shall abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM. Save for the aforesaid and to the best knowledge of the Board as at the date of this announcement, no other Shareholder is involved in or interested in the Acquisition which requires him to abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM.

The Independent Board Committee will be established comprising all the INEDs to advise the independent Shareholders in respect of the Agreement and the transactions contemplated thereunder. The Company will appoint the Independent Financial Adviser as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Company expects to despatch the circular to the Shareholders in accordance with the requirements under the Listing Rules, which will contain, among other things, (i) further information on the Target, the Properties, the Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser in relation to the terms of the Agreement and the transactions contemplated thereunder; (iv) the financial information of the Target; (v) the valuation report of the Properties; (vi) the unaudited pro forma financial information of the Group upon completion of the Acquisition; and (vii) the notice of the EGM on or before 15 July 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular. Shareholders and potential investors should refer to the circular when it becomes available for further details of the Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Acquisition”	the purchase of 25% equity interests in the Target by the Company from the Seller pursuant to the terms and conditions of the Agreement
“Agreement”	the agreement dated 23 May 2015 and entered into between the Company and the Seller regarding the sale and purchase of 25% equity interests in the Target
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	FU JI Food and Catering Services Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the Acquisition
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee to be formed by the Company comprising all the INEDs to advise the independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be engaged by the Company to advice the independent Shareholders and the Independent Board Committee in relation to the terms of the Agreement and the transactions contemplated thereunder
“INEDs”	the independent non-executive Directors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marvel Light”	Marvel Light Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly and ultimately owned as to (i) 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Limited*), (ii) 30% by 廣東華亨能源有限公司 (Guangdong Huaheng Energy Limited*) which is 90% owned by Mr. Wang, and (iii) 30% by 上海華利投資有限公司 (Shanghai Huali Investment Limited*) which is owned as to 20% by 伊投(上海)實業發展有限公司 (Yitou (Shanghai) Industrial Development Co., Limited*), which in turn is owned as to 50% by each of Ms. Ji and Ms. Tang, and accordingly Marvel Light is an associate of Mr. Wang
“Mr. Wang”	Mr. Wang Jianqing
“Ms. Ji”	Ms. Ji Qingqiao

“Ms. Tang”	Ms. Tang Qin
“percentage ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	The People’s Republic of China
“Properties”	a total site area of about 77,776.5 sq.m. of land located in Wuxi City, Jiangsu Province, the PRC, with 11 buildings built on the land having a gross floor area of about 64,878.87 sq.m., and related structures and fixtures
“Properties’ Values”	the values of the Properties to be valued by a professional property valuer to be engaged by the Purchaser
“Purchaser”	the Company
“Seller”	Perfect Future Investment Limited (創輝投資有限公司), a company incorporated in Hong Kong with limited liability, which is ultimately and indirectly owned as to 50% by Mr. Wang, 25% by Ms. Ji and 25% by Ms. Tang and, accordingly the Seller is an associate of Mr. Wang
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.01 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	無錫美通食品科技有限公司 (Wuxi Meitong Food Technology Co., Ltd.*), a sino-foreign equity enterprise established under the laws of the PRC

By Order of the Board
**FU JI Food and Catering Services
Holdings Limited**
Huang Shourong
Chairman and Executive Director

Hong Kong, 25 May 2015

As at the date of this announcement, the Board comprises Mr. Huang Shourong and Mr. Pan Junfeng as executive Directors and Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum as independent non-executive Directors.

** for identification purpose only*