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## **FIRST NATURAL FOODS HOLDINGS LIMITED**

**第一天然食品有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1076)**

**(I) COMPLETION OF MAJOR AND CONNECTED TRANSACTION  
ACQUISITION OF PROFIT STREAM  
FROM MACAU GAMING BUSINESS  
(II) PROPOSED SHARE SUBDIVISION  
AND  
(III) CHANGE IN BOARD LOT SIZE**

### **COMPLETION OF MAJOR AND CONNECTED TRANSACTION**

The Board is pleased to announce that completion of the Acquisition took place on 19 March 2014 in accordance with the terms of the Sale and Purchase Agreement. Following Completion, the Target Company has become a wholly-owned subsidiary of the Company.

### **PROPOSED SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE**

The Board proposes that each existing issued and unissued Share of HK\$0.01 each in the share capital of the Company be subdivided into twenty (20) Subdivided Shares of HK\$0.0005 each. Upon the Share Subdivision becoming effective, the authorized share capital of the Company will be HK\$16,000,000 divided into 32,000,000,000 Subdivided Shares, consisting of 8,004,925,480 Subdivided Shares which will be in issue and fully paid or credited as fully paid, and 23,995,074,520 unissued Subdivided Shares, assuming that no further Shares are issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective.

The Board further proposes that, subject to and upon the Share Subdivision becoming effective, the board lot size be changed from 5,000 Shares to 10,000 Subdivided Shares.

A circular containing details of the Share Subdivision and the Change in Board Lot Size, together with a notice convening the SGM will be dispatched to Shareholders on 24 March 2014.

\* *For identification purposes only*

## **COMPLETION OF MAJOR AND CONNECTED TRANSACTION**

The Board is pleased to announce that all the conditions as set out in the Sale and Purchase Agreement have been fulfilled and Completion took place on 19 March 2014 in accordance with the terms of the Sale and Purchase Agreement. The zero coupon Convertible Notes in the aggregate principal amount of HK\$400 million due on the sixteenth (16th) anniversary of the date of Completion were issued to the Vendor at Completion, but have been deposited with and retained by the Company as security for the Profit Guarantee.

Following Completion, the Target Company has become a wholly-owned subsidiary of the Company and its financial results and assets and liabilities will be consolidated in the financial statements of the Group.

As set out in the Circular, it is expected that the Acquisition, as supported by the Profit Guarantee, will provide the Group with a secured and guaranteed annual income of at least HK\$25 million per year on average (representing approximately a guaranteed minimum yield of 6.25% per annum) with substantial upside potential over a period of 16 years. Accordingly, the Acquisition is expected to have positive impact on the financial results and cash flow position of the Group.

As disclosed in the announcement of the Company dated 24 February 2014, the Directors have recently been in contacts and discussions with certain parties in relation to several eco-tourism, entertainment and gaming businesses. Nevertheless, as at the date of this announcement, all such contacts and discussions are only at a preliminary stage and no concrete terms or agreements have been reached between the Company and any of these parties.

The Company will, as and when appropriate, comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Listing Rules if any agreement is concluded or entered into.

## **PROPOSED SHARE SUBDIVISION**

The Board proposes to subdivide each existing issued and unissued Share of HK\$0.01 each in the share capital of the Company into twenty (20) Subdivided Shares of HK\$0.0005 each.

## Effects of the Share Subdivision

As at the date of this announcement, the authorized share capital of the Company was HK\$16,000,000, divided into 1,600,000,000 Shares, of which 400,246,274 Shares were in issue and fully paid or credited as fully paid. Assuming that no further Share is issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective, the effect of the Share Subdivision is set out as follows:

|                             | <b>As at the<br/>date of this<br/>announcement and<br/>before completion of<br/>the Share Subdivision</b> | <b>Immediately after<br/>completion of the<br/>Share Subdivision</b> |
|-----------------------------|---|--|
| Par value of each Share     | HK\$0.01  | HK\$0.0005   |
| Number of authorized Shares | 1,600,000,000   | 32,000,000,000   |
| Authorised share capital    | HK\$16,000,000  | HK\$16,000,000   |
| Number of Shares in issue   | 400,246,274   | 8,004,925,480  |
| Issued share capital        | HK\$4,002,462.74  | HK\$4,002,462.74   |
| Number of unissued Shares   | 1,199,753,726   | 23,995,074,520   |
| Unissued share capital      | HK\$11,997,537.26   | HK\$11,997,537.26  |

As at the date of this announcement, save for the Convertible Notes, the Company had no outstanding convertible securities or options which are convertible or exchangeable into Shares. The conversion rights attaching to the Convertible Notes are subject to the lock up period of one year pursuant to the terms of the Convertible Notes.

## Adjustments to the Convertible Notes

The Share Subdivision may lead to adjustment to the conversion price and/or the number of Shares which may fall to be issued upon conversion of the conversion rights attaching to the Convertible Notes. Upon the Share Subdivision becoming effective, the Conversion Price of the Convertible Notes shall be adjusted by multiplying the Conversion Price in force immediately before the Share Subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Shares in issue immediately before the Share Subdivision becoming effective; and
- B is the aggregate number of Subdivided Shares in issue immediately after the Share Subdivision becoming effective.

Assuming that no further Share is issued or repurchased prior to the Share Subdivision becoming effective, the conversion price will be adjusted from HK\$1.00 per Conversion Share to HK\$0.05 per Conversion Share, in which case 8,000,000,000 Conversion Shares shall be issued upon full conversion of the Convertible Notes. The exact number of

Subdivided Shares cannot be determined until the effective date of the Share Subdivision, and the Company will make further announcement for the aforesaid adjustments to the Convertible Notes.

### **Conditions of the Share Subdivision**

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the SGM approving the Share Subdivision;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subdivided Shares and any new Subdivided Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Notes; and
- (c) compliance with the relevant legal procedures and requirements under the Listing Rules and the laws of Bermuda (if any) to effect the Share Subdivision.

The Share Subdivision will take effect on the Business Day immediately after all of the above conditions are fulfilled.

### **Dealings of the Subdivided Shares**

The Subdivided Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Listing Application**

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares arising from the Share Subdivision and any new Subdivided Shares which may fall to be issued upon exercise of the Conversion rights attaching to the Convertible Notes. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being proposed to be sought, on any other stock exchange.

### **CHANGE IN BOARD LOT SIZE**

The Shares are currently traded on the Stock Exchange in board lot size of 5,000 Shares each. The Board proposes that, subject to and upon the Share Subdivision becoming effective, the board lot size be changed from 5,000 Shares to 10,000 Subdivided Shares.

Based on the theoretical adjusted closing price of the Subdivided Shares with reference to the closing price of HK\$6.4 per Share on the date of this announcement, the new estimated board lot value would be HK\$3,200 in the new board lot size of 10,000 Subdivided Shares.

The Share Subdivision and the Change in Board Lot Size will not be expected to result in any odd lots other than those already exist.

### **REASONS FOR THE SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE**

The Share Subdivision will decrease the nominal value of each Share and increase the total number of Shares in issue. The Share Subdivision is expected to result in downward adjustment to the trading price of each Share. The Company considers that the Share Subdivision together with the Change in Board Lot Size will improve the liquidity in the trading of the Shares and therefore enable the Company to attract more investors and broaden its Shareholders' base.

Save for the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or the financial position of the Group or the proportionate interest of the Shareholders. The Board considers the Share Subdivision and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole, and will not have any material adverse effect on the financial position of the Group.

### **EXPECTED TIMETABLE**

It is currently expected that the Share Subdivision will become effective on Friday, 11 April 2014. Subject to the fulfillment of the conditions set out under the paragraph headed "Conditions of the Share Subdivision" above, the expected timetable for the implementation of the Share Subdivision, the Change in Board Lot Size and the relevant trading arrangements is as follows:

*Date 2014*

|  |                                |
|--|--------------------------------|
| Despatch of the circular, notice of the SGM<br>and the related form of proxy . . . . .               | Monday, 24 March               |
| Latest date and time to return the form<br>of proxy for the SGM . . . . .                            | 10:30 a.m., Tuesday, 8 April   |
| Date and time of the SGM . . . . .   | 10:30 a.m., Thursday, 10 April |
| Announcement of the results of the SGM . . . . .   | Thursday, 10 April             |
| Effective Date of the Share Subdivision . . . . .  | Friday, 11 April               |
| Dealings in the Subdivided Shares commence . . . . .   | 9:00 a.m., Friday, 11 April    |
| Original counter for trading in Shares in board<br>lots of 5,000 Shares temporarily closes . . . . . | 9:00 a.m., Friday, 11 April    |

Temporary counter for trading in board lots of  
100,000 Subdivided Shares on the Stock  
Exchange (in the form of Existing Share  
Certificates) opens . . . . . 9:00 a.m., Friday, 11 April

Free exchange of Existing Share Certificates in  
green colour for New Share Certificates in pink  
colour commences . . . . . 9:00 a.m., Friday, 11 April

Original counter for trading in Subdivided Shares  
in board lots of 10,000 Subdivided Shares  
(in the form of New Share Certificates) reopens . . . . . 9:00 a.m., Tuesday, 29 April

Parallel trading in the Shares and Subdivided Shares  
(in the form of New Share Certificates  
and Existing Share Certificates) commences . . . . . 9:00 a.m., Tuesday, 29 April

Temporary counter for trading in board lots of  
100,000 Subdivided Shares (in the form of  
Existing Share Certificates) closes . . . . . 4:00 p.m., Wednesday, 21 May

Parallel trading ends . . . . . 4:00 p.m., Wednesday, 21 May

Last day for free exchange of Existing Share  
Certificates for New Share Certificates . . . . . Tuesday, 27 May

*Note:* All times and dates refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Further announcement will be made by the Company for any consequential changes to the expected timetable.

**Exchange of Share Certificates**

Arrangements will be made so that subject to the Share Subdivision becoming effective, the Shareholders may submit their Existing Share Certificates to the Company’s branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, in exchange for the New Share Certificates free of charge during the business hours from Friday, 11 April 2014 to Tuesday, 27 May 2014 (both dates inclusive). After the expiry of such period, the Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each New Share Certificate issued or each Existing Share Certificate submitted, whichever number of share certificates involved is higher. It is expected that the New Share Certificates will be issued within a period of ten (10) Business Days upon the presentation of the Existing Share Certificates. The New Share Certificates will be issued in pink colour in order to distinguish themselves from the Existing Share Certificates in green colour.

After Wednesday, 21 May 2014, the Existing Share Certificates will cease to be valid for delivery, trading and settlement purpose, but continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for twenty Subdivided Shares.

## **GENERAL**

The SGM will be convened and held to consider, and if thought fit, to approve the Share Subdivision. No Shareholder is required to abstain from voting at the SGM. A circular containing details of the Share Subdivision and the Change in Board Lot Size, together with a notice convening the SGM and form of proxy will be dispatched to Shareholders on 24 March 2014.

## **DEFINITIONS**

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

|                            |   |
|----------------------------|---|
| “Acquisition”              | the proposed acquisition by the Company pursuant to the Sale and Purchase Agreement, details of which have been disclosed in the Circular   |
| “Board”                    | the board of Directors  |
| “Business Day(s)”          | a day (excluding Saturday, Sunday and public holidays) on which banks are generally open for business in Hong Kong  |
| “CCASS”                    | the Central Clearing and Settlement System established and operated by HKSCC  |
| “Change in Board Lot Size” | the change in the board lot size from 5,000 Shares to 10,000 Subdivided Shares upon the Share Subdivision becoming effective  |
| “Circular”                 | the circular of the Company dated 8 January 2014 in relation to, among other things, the Acquisition  |
| “Company”                  | First Natural Foods Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange   |
| “Completion”               | completion of the Acquisition pursuant to the Sale and Purchase Agreement   |
| “Conversion Share(s)”      | Share(s) (or Subdivided Share(s), as the case may be) to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Notes or otherwise pursuant to the terms and conditions of the Convertible Notes |

|                               |  |
|-------------------------------|--|
| “Convertible Note(s)”         | means the zero coupon convertible note(s) in the aggregate principal amount of HK\$400 million due on the sixteenth (16th) anniversary of the date of Completion and issued at Completion to the Vendor or her nominee(s) by the Company |
| “Director(s)”                 | the director(s) of the Company   |
| “Existing Share Certificates” | share certificates in respect of the Shares of HK\$0.01 each prior to the Share Subdivision becoming effective   |
| “Group”                       | the Company and its subsidiaries   |
| “HKSCC”                       | Hong Kong Securities Clearing Company Limited  |
| “HK\$”                        | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                   | Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “New Share Certificates”      | new share certificates to be issued following the Share Subdivision becoming effective   |
| “Sale and Purchase Agreement” | the conditional sale and purchase agreement in relation to the Acquisition dated 27 November 2013 entered into between the Company and the Vendor  |
| “SGM”                         | the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Share Subdivision  |
| “Share(s)”                    | ordinary share(s) of HK\$0.01 each (prior to the Share Subdivision becoming effective) or HK\$0.0005 each (upon the Share Subdivision becoming effective) in the share capital of the Company  |
| “Shareholder(s)”              | the holder(s) of Shares  |
| “Share Subdivision”           | the division of each issued and unissued Share of HK\$0.01 each in the share capital of the Company into twenty (20) Subdivided Shares of HK\$0.0005 each  |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited  |



“Subdivided Share(s)” ordinary share(s) of HK\$0.0005 each in the share capital of the Company upon the Share Subdivision becoming effective

By order of the Board  
**First Natural Foods Holdings Limited**  
**Cai Lingli**  
*Executive Director*

Hong Kong, 19 March 2014

*As at the date of this announcement, the Board comprises Ms. Cai Lingli and Ms. Xia Yuki Yu as executive directors; and Mr. Ng Hoi Yue, Mr. Tso Hon Sai Bosco and Mr. Lee Kwok Leung as independent non-executive directors.*

*In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*