



FIRST NATURAL FOODS HOLDINGS LIMITED

第一天然食品有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1076)

GENERAL DISCLOSURE ANNOUNCEMENT

Termination of Interest Rate Swap Agreement

The Board of Directors of First Natural Foods Holdings Limited (the “Company”) and its subsidiaries announced on 3 November 2008 that the USD interest rate swap agreement (the “Swap”) entered into by the Company with Deutsche Bank AG, Singapore (the “Bank”) has been terminated as a result of a notice of early termination dated 3 November 2008 served by the Bank. The Bank has alleged that the close-out amount to be payable by the Company to the Bank in relation to the termination of the Swap is USD13,385,613. In addition, the Bank has also claimed an amount of USD2,541,462 (being the amount allegedly owed to the Bank in respect of a payment advice issued by the Bank on 4 July 2008 (the “Payment Advice”) plus interest accrued), as referred to in our announcement dated 3 November 2008 (the “Announcement”).

As announced on 3 November 2008, the Swap was the only derivative financial instrument held by the Company. After its termination, the Company does not have any derivative financial instruments outstanding.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

Reference is made to the Announcement regarding the termination of the Swap on 3 November 2008.

As set out in the Announcement, the Bank issued a notice of early termination to the Company in respect of the Swap (the “Notice”). Accordingly, the Swap was terminated on 3 November 2008 (the “Termination”). Pursuant to the Notice, the amount alleged to be payable by the Company to the Bank remained to be determined.

* *For identification purposes only*

On 5 November 2008, the Bank issued a statement to the Company requesting that the Company pay a close-out amount of USD13,385,613 in relation to the Termination (the “Statement”). In addition, the Bank also claimed an amount of USD2,541,462, being the amount allegedly owed to the Bank in respect of the Payment Advice (plus interest accrued thereon) as referred to in the Announcement. The total amount allegedly payable by the Company to the Bank is USD15,927,075 (the “Early Termination Amount”), which is said to be due from the date of the Statement. The Bank is also claiming interest on the Early Termination Amount.

It should be noted that at the inception of the Swap in April 2007, an upfront payment of USD10,000,000 was received by the Company from the Bank.

The Company has taken legal advice in respect of representations made by the Bank to the Company at the time of entering into the Swap which the Company relied upon and which induced the Company to enter into the Swap. The Company remains of the view that the Swap is not enforceable by reason of these representations.

The Company is continuing to take legal advice concerning the Swap and circumstances in which the Swap was promoted and sold to the Company. The Company has written to the Bank to expressly reserve all its rights and remedies against the Bank.

After termination of the Swap, the Company does not have any derivative financial instruments outstanding.

The Company is of the view that the Company’s potential obligations arising from the Swap will not have a material adverse impact on the Company’s financial position.

By Order of the Board
First Natural Foods Holdings Limited
CHAI Chung Wai
Company Secretary

Hong Kong, 5 November 2008

The Board as of the date of this announcement comprises Mr. Yeung Chung Lung, Mr. Yang Le, Mr. Ni Chao Peng and Mr. Yip Tze Wai, Albert as the executive directors of the Company and Mr. Wong Chi Keung, Mr. Lu Ze Jian and Mr. Leung Chiu Shing as the independent non-executive directors of the Company.