

**FIRST NATURAL FOODS HOLDINGS LTD:
HAS ANYBODY SEEN THE CHAIRMAN ?**

Will Sun Hung Kai And Company Ltd Lose That \$HK60 Million ?

The Chairman of publicly listed First Natural Foods Holdings Ltd () (Code: 1076, Main Board, The Stock Exchange of Hongkong Ltd), (Provisional Liquidators Appointed), has just been sued for more than \$HK60 million.

He is Mr Yeung Chung Lung () who is the largest single shareholder of First National Foods Holdings Ltd, legally owning 35.01 percent of the Issued and Fully Paid-Up Share Capital of the company.

High Court Action, Number 1659, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is between:

Sun Hung Kai Structured Finance Ltd
() First Plaintiff
Sun Hung Kai Investment Services Ltd
() Second Plaintiff

and

Regal Splendid Ltd First Defendant
Yeung Chung Lung Second Defendant

The First and Second Plaintiffs are subsidiaries of Sun Hung Kai Securities Ltd () which, in turn, is wholly owned by Sun Hung Kai and Company Ltd ().

Sun Hung Kai and Company Ltd is publicly listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code Number 86.

Regal Splendid Ltd is a company, domiciled in the British Virgin Islands, and is, beneficially, owned by Mr Yeung Chung Lung, the Second Defendant.

Mr Yeung Chung Lung is, allegedly, the Guarantor of the liabilities of the First Defendant in respect of a purported loan agreement, dated August 27, 2008, Paragraph 4 of the Statement of Claim, attached to Writ of Summons, Number 1659, alleges.

The gist of the Statement of Claim is:

1. There exists a loan agreement between the First Plaintiff and the First Defendant whereby it was agreed that the First Plaintiff would lend \$HK60 million to the First Defendant, subject to certain terms and conditions;
2. The \$HK60-million loan was to be retired within 12 months of the date of the drawdown, which date was August 28, 2008;

3. Interest on the loan would be 1.50 percent per month;
4. Throughout the continuance of the loan, the Second Defendant shall '*remain the legal and beneficial owner of First Natural Foods Shares ... representing not less than 35.01% of the total issued share capital of First Natural Foods.*';
5. Default of the loan agreement shall occur if, inter alia, '*at any time the closing price of First Natural Foods Shares falls below HK\$0.45*';
6. The share price of First Natural Foods Holdings Ltd fell to 43 cents on October 27, 2008, and, by December 12, 2008, the share price had dropped to 29.50 cents;
7. On December 16, 2008, the First Plaintiff declared that '*all outstanding Indebtedness and all other sums payable under the Loan Agreement had become immediately due and payable. The 1st Plaintiff demanded each of the 1st and 2nd Defendant the payment of the outstanding Indebtedness in the sum of HK\$61,489,315.17 as at 16 December 2008.*'
8. The Defendants '*have failed and still fail to repay the said sum of HK\$61,489,315.17 or any part thereof.*'

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