

**AIM : VES**

**12 November 2007**

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**Vestpa Plc**

**(“Vestpa” or “the Company”)**

**Proposed acquisition of Full Fortune Holdings Pte. Limited (“Full Fortune”)**

**Proposed Subscriptions for 16,666,667 New Ordinary Shares of 4p each**

**at a price of 30p per share**

**Proposed 1 for 40 share consolidation**

**Proposed change of name to “China Food Company Plc”**

**Proposed adoption of New Articles**

**Application for admission of the Enlarged Share Capital to trading on AIM**

**Notice of General Meeting**

The Board of Vestpa is pleased to announce that it has today conditionally agreed to acquire the entire issued ordinary share capital of Full Fortune Holdings Pte. Limited (“Full Fortune”), a company incorporated in Singapore. Full Fortune is an investment holding company whose trading subsidiaries are principally engaged in the manufacture and sale of branded consumer condiments products and animal feeds in Weifang City and Shou Guang City, in the Shandong province of China.

Certain definitions and terms apply throughout this announcement and your attention is drawn to the table at the end of this announcement where these definitions and terms are set out in full.

## Highlights

- Full Fortune is the holding company for Fu-Rich, Fuss Feed and Fuss Biotech. Fu-Rich is the group's consumer foods business which produces a range of different types of soya sauce, vinegar and bean paste under its own brand names from its premises in Weifang City, Shandong. For the year ended 31 December 2006, Full Fortune made a profit before tax of approximately £6.08 million on revenue of approximately £19.28 million.
- Fu-Rich produces approximately 50 to 60 products under its "Fushi" and "Fushi Hao Tai Tai" brand names from its current factory occupying a total built-up area of approximately 17,663 sq. m. The Full Fortune Group has land use rights over an area of 199,657 sq. m. for new premises in Shou Guang City and a new manufacturing facility for Fu-Rich is currently under construction which will increase its production capacity by 50 per cent. from 100,000 to 150,000 tonnes per annum.
- Fu-Rich operates in one of the fastest growing segments within the PRC's food industry reflecting the increasing purchasing power of Chinese consumers. Annual sales for this market segment are estimated to have grown from RMB59 billion in 2004 to RMB100 billion in 2006 (approximately £6.4 billion at the current exchange rate).
- Fu-Rich's primary market is Weifang but it also sells to other cities in Shandong, as well as to neighbouring provinces including Henan, Jiangsu, Anhui, Hebei, Tianjin, Beijing and Liaoning. Fu-Rich is believed to hold a leading market position in Weifang and a significant share of the wider Shandong marketplace. For the year to 31 December 2006, sales to provinces outside of Shandong accounted for approximately 16.9 per cent. of Fu-Rich's total revenues.
- Fu-Rich sells its products via a network of 205 distributors, retailers and numerous outlets of large and medium sized supermarket chains in ten provinces and municipal cities in the north-eastern region of the PRC, including Wal Mart, Carrefour, Shiji Lianhua and Jialejia.
- Fuss Feed was founded in November 1994. Initially focused on the manufacture of Compound Feed for poultry, cows and pigs; it has since diversified to manufacture higher-margin Premix and Concentrate Feed, operating two production lines at a 15,000 sq. m. plant in Shou Guang City, Shandong.
- In 2004, Fuss Feed embarked on a deliberate strategy to expand into the neighbouring provinces around Shandong, with the selective appointment of preferred distributors. As at 30 June 2007, it had a total of 13 distributors located in Henan, Anhui, Jiangsu and Hebei and the New Board believes that there is significant potential to grow revenues from these territories now that the Full Fortune Group has an established foothold.

## Summary financial information on the Full Fortune Group

	Year ended	Year ended	Year ended
	31 December	31 December	31 December
	2004	2005	2006
	£000s	£000s	£000s
Revenue	8,978	13,870	19,273
Gross profit	3,077	4,314	6,771
<i>Gross margin (per cent.)</i>	<i>34.27</i>	<i>31.10</i>	<i>35.13</i>

EBITDA	2,988	4,172	6,454
Profit before taxation	2,619	3,834	6,077
Profit after taxation	1,971	2,838	4,437
<i>Net margin (per cent.)</i>	<i>21.95</i>	<i>20.46</i>	<i>23.02</i>
Cash and cash equivalents	2,337	3,799	3,656
Net assets	4,820	6,997	10,545

- Proposed board of Vestpa from Completion to consist of members of the Full Fortune Group’s existing senior management including Raphael Tham (CEO), Feng Bo (COO) and Frank Chau (CFO), alongside John McLean, the existing Executive Director of Vestpa who will become Non-Executive Chairman and Derek Marsh, CVO, as a new Non-Executive Director. On Completion, James Cane and Thomas Vaughan are to step down from the board.
- The consideration payable in respect of the Acquisition is to be satisfied through the issue of 40,333,333 New Ordinary Shares at the Issue Price and a cash payment of £5 million. The consideration values all of the issued Full Fortune share capital at approximately £25.17 million based on the Issue Price and approximately £35.25 million based on the closing middle market price of 75 pence (as adjusted for the Share Consolidation) per New Ordinary Share as derived from the AIM Appendix to the Daily Official List on the business day immediately prior to the date of this announcement.
- Share Consolidation comprising one New Ordinary Share of 4 pence each for every 40 Existing Ordinary Shares of 0.1 pence each.
- Subscriptions to raise £5 million gross (approximately £4.1 million after expenses) through the issue of 16,666,667 Subscription Shares at 30 pence per share. The Subscription Shares will be issued fully paid and will, in aggregate, represent approximately 25.33 per cent. of the Enlarged Share Capital.
- In view of the size and nature of the Acquisition, it constitutes a reverse takeover of the Company under the AIM Rules and therefore requires the prior approval of Shareholders at a General Meeting.
- Following shareholder approval, Vestpa will change its name to “China Food Company Plc”.
- Strand Partners is acting as Financial and Nominated Adviser and Broker in connection with the Proposals.

John McLean, Executive Director of Vestpa and Proposed Non-Executive Chairman of the Enlarged Group, commented:

“The enlarged group will be led by a highly experienced management team operating a well established business, in a growing market that is highly cash generative, with a number of leading food brands. Our strategy will include the expansion of the Full Fortune Group’s existing product range in order to capitalise on Fu-Rich’s existing distribution network into the multiples in China. The Full Fortune Group is currently increasing its production capacity on a new site in Shou Guang City to meet anticipated future demand and will have a low level of gearing on Admission.”

An Admission Document containing a notice covering a General Meeting to be held at the offices of Fasken Martineau Stringer Saul LLP, 17 Hanover Square, London W1S 1HU at 11.00 a.m. on Wednesday 5 December 2007 is being sent to shareholders today.

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This summary should be read in conjunction with the full text of this announcement set out below.

Strand Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial and nominated adviser and broker to the Company in connection with the Acquisition, Subscriptions and proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this announcement. Strand Partners Limited is acting exclusively for Vestpa and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this announcement or the Acquisition, the Subscriptions or the proposed admission of the Enlarged Share Capital to trading on AIM. No representation or warranty, express or implied, is made by Strand Partners Limited as to the contents of this announcement, without limiting the statutory rights of any person to whom this announcement is issued. The information contained in this announcement is not intended to inform or be relied upon by any subsequent purchasers of New Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

Strand Partners Limited has approved the contents of this announcement solely for the purpose of section 21 of the Financial Services and Markets Act 2000. The principal place of business of Strand Partners Limited is 26 Mount Row, London W1K 3SQ.

The Directors and Proposed Directors of Vestpa accept responsibility, individually and collectively, for the information contained in this announcement and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and Proposed Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This announcement does not constitute, or form part of, an offer or an invitation to purchase any securities.

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**Notice of General Meeting**

## **1. Introduction**

The Board is pleased to announce that the Company has conditionally agreed to acquire the entire issued ordinary share capital of Full Fortune Holdings Pte. Limited for a consideration, payable on Completion, comprising the issue of 40,333,333 New Ordinary Shares at the Issue Price and a cash payment of £5 million. The consideration values all of the issued Full

Fortune share capital at approximately £25.17 million based on the Issue Price and approximately £35.25 million based on the closing middle market price of 75 pence (as adjusted for the Share Consolidation) per New Ordinary Share as derived from the AIM Appendix to the Daily Official List on the business day immediately prior to the date of the Admission Document.

The cash element of the consideration is proposed to be financed by the Company from the issue of 16,666,667 Subscription Shares at a price of 30 pence for each Subscription Share.

Full Fortune is an investment holding company registered in Singapore whose trading subsidiaries are principally engaged in the manufacture and sale of animal feed and condiments for human consumption in Weifang City and Shou Guang City, in the Shandong province of China.

In view of the size and nature of the Acquisition, it constitutes a reverse takeover of the Company under the AIM Rules and a change of control of the Company under the City Code. Accordingly, the Proposals are conditional, *inter alia*, on the approval of Shareholders, such approval to be sought at the General Meeting, notice of which is set out at the end of the Admission Document which is being posted to Shareholders today.

If the Resolutions are duly passed at the General Meeting, the Company's existing trading facility on AIM will be cancelled and the Company will apply for the Enlarged Share Capital to be admitted to trading on AIM. Irrevocable undertakings to vote in favour of the Resolutions have been received from certain of the Directors and Albany in respect of 223,900,039 Existing Ordinary Shares, representing approximately 60.51 per cent. of the Company's existing issued share capital.

Shareholders should note that the Proposals are inter-conditional. If the Resolutions are passed, it is expected that Admission will take place and that dealings on AIM in the shares comprising the Enlarged Share Capital will commence on 6 December 2007.

In connection with the Acquisition and Admission, it is proposed that John McLean and the Proposed Directors will assume responsibility for the Enlarged Group, including all of Vestpa's and Full Fortune's assets, and all of the Sellers will exchange their Full Fortune Ordinary Shares for New Ordinary Shares with the exception of Main World who will exchange its Full Fortune Ordinary Shares for New Ordinary Shares and £5 million in cash pursuant to the Acquisition Agreement.

## **2. The Company and its investment strategy**

The Company was incorporated in England and Wales as a public limited company on 1 February 2007 and was established to seek to acquire a controlling interest in a company, partnership or joint venture located in Europe, North America or Asia. The Company's focus is on potential acquisition targets trading in any of the following sectors: investment, consumer goods, engineering, industrials, leisure and hotels, media and entertainment, professional and support services, retailing, technology and telecommunications. It was admitted to trading on AIM on 12 June 2007.

The Company's investment strategy is to seek suitable targets for investment or acquisition that have some of the following characteristics:

- an experienced management team in place;
- good prospects, either in an established market or as an early mover in a high growth market;
- quoted or unquoted; and
- located in Europe, North America or Asia.

If the Acquisition does not proceed, the Directors will continue to pursue the aforementioned strategy. Whilst the Company will have incurred expenses amounting to approximately £0.6 million in pursuit of the Acquisition, the Directors are of the opinion that, whether or not the Acquisition proceeds, the Company will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this announcement.

### **3. Background to and reasons for the Acquisition**

As set out above, Vestpa's primary objective as an investment company is to acquire a company with, *inter alia*, attractive growth prospects and an experienced management team. In line with this strategy, the Directors believe that the Acquisition represents a substantial investment opportunity with the potential to deliver significant long-term enhancement of Shareholder value and provide the Company with a number of benefits. In particular, the New Board believes that the Acquisition will:

- provide the Company with a well established and proven business in the PRC which has a decade of expertise in the production and sale of animal feed and significant experience in the field of condiments, including soya sauce, vinegar and bean paste;

- provide the Company with a profitable business with the opportunity for continued commercial development and sustained long-term growth, utilising new production facilities, under an experienced local management team;
- provide the Company with a strong position in an expanding market place, fuelled by China's continuing prosperity and sustained economic growth; and
- raise the profile of the Enlarged Group, which may assist the Enlarged Group to attract and retain additional suitably qualified and experienced personnel to augment the experience of the New Board. Full Fortune may also benefit from the perceived status and stature of being part of a publicly traded group, which may enhance its reputation and financial standing with its key partners and suppliers. In particular, it may provide a means by which the Enlarged Group can fund its future activities and growth, both organically and via potential acquisitions.

#### **4. Information on Full Fortune, its business and strategy**

##### ***Background and principal activity***

Full Fortune is a privately owned investment holding company which was incorporated in Singapore on 26 May 2005 as part of a corporate restructuring, to act as the holding company for Fuss Feed, Fu-Rich and Fuss Biotech.

Founded in November 1994 by Fuss International Investment Group Inc. which is owned by Mr Fu Guoping, Fuss Feed's principal activity is the production and sale of a variety of animal feeds including Premix, Compound Feed and Concentrate Feed. Initially focused on the manufacture of Compound Feed for poultry, cows and pigs; it has since diversified to manufacture higher-margin Premix and Concentrate Feed, operating two production lines at a 15,000 sq.m. plant in Shou Guang City, Shandong.

Incorporated on 7 August 2001, Fu-Rich produces and sells a range of condiments for human consumption, primarily different types of soya sauce, vinegar and bean paste under its own brand names from its premises in Weifang City, Shandong covering an area of 28,294 sq.m. In addition to its own products, it also sells other food products, for example, pickled products, fungi products, chilli oil and other flavour-enhancers (including MSG and chicken bouillon seasoning) that are sourced from third party manufacturers and resold under its own brand names. Fu-Rich was recognised as one of the top brands in Shandong for vinegar and soya sauce products in both 2005 and 2006.

Fuss Biotech was incorporated on 24 June 2005 but has not commenced any trading activities to date. It currently holds the land use rights in connection with the development of the Full Fortune Group's new premises in Shou Guang City. These land use rights cover an area of

199,657 sq.m. and the site is expected to become the Full Fortune Group's corporate headquarters in mid 2008. In addition, the Full Fortune Group has paid a deposit for rights to an adjoining land area of 67,009 sq.m. for possible future expansion.

The Full Fortune Group has been financed to date by a combination of short term loans from Chinese banks, loans and equity investment from its founder and principal beneficial shareholder, Mr Fu Guoping, equity subscriptions from third party investors and cash flow generated by the operating businesses.

### ***Business location and local demographics***

China is the world's most populous nation with approximately 1.292 billion citizens, equivalent to approximately 20 per cent. of the world's estimated population. Its population has continued to grow over the past decade, albeit at a declining rate, compared to the previous decade.

The Full Fortune Group's operations are currently located at facilities in Shou Guang City and Weifang City, both of which are in the PRC's central Shandong province. Weifang borders Zibo to the west, Linyi to the southwest, Rizhao to the south, Qingdao to the east and the Laizhou Bay to the north. The city occupies a land area of over 15,800 sq. km and has a population of approximately 8.5 million people. Its neighbouring cities have similarly high populations with Zibo, Linyi, Rizhao and Qingdao having approximately 4 million, 10 million, 2.8 million and 7.3 million residents respectively. Shou Guang City is situated west of Weifang and Qingdao and east of Zibo and Jinan, the capital of the Shandong province, with approximately one million residents. One of its closest neighbours, Jinan, has a population of approximately 6 million people and covers an area of over 8,100 sq. km.

In addition, the province of Shandong is itself bordered by some of the most populous provinces in the PRC including Hebei, Henan, Anhui and Jiangsu with populations of approximately 68 million, 96 million, 64 million and 74 million respectively. Shandong comprises a geographical area of 156,700 sq. km with its immediate neighbours, Hebei, Henan, Anhui and Jiangsu, ranging in size from 102,600 sq. km (Jiangsu) to 188,000 sq. km (Hebei), resulting in Jiangsu having the highest population density amongst such provinces of approximately 720 persons per square kilometre.

### ***Markets and business model***

#### ***Animal Feed Business (Fuss Feed)***

Under the "11th Five-Year Plan" (2006 to 2010), the PRC government indicated its commitment to developing the agricultural sector with measures and policies targeted at raising standards in, inter alia, the livestock industry. An increasingly affluent PRC populace is driving demand for livestock, with a growth in the number and size of farms benefiting the animal feed industry. Annual production of animal feed in 2005 was approximately 100

million tonnes with an estimated market value of approximately RMB274 billion (approximately £17.6 billion at the current exchange rate).

Fuss Feed's business model involves the manufacture of three generic categories of animal feed; namely Premix, Concentrate Feed and Compound Feed by an experienced workforce for sale via a large distribution network. For the year to 31 December 2006, sales of animal feed products accounted for approximately 54.9 per cent. of the Full Fortune Group's total revenues.

Fuss Feed currently has two fully automated manufacturing lines with a combined annual production capacity of 124,800 tonnes. One line is dedicated to Premix and is currently producing approximately 17,000 tonnes per annum (approximately 58.7 per cent. of its designed production capacity) and the other is for Concentrate Feed and Compound Feed currently producing approximately 45,000 tonnes per annum (approximately 46.7 per cent. of its designed production capacity). The manufacturing process and equipment used provide the capability for Fuss Feed to vary the formulations produced and therefore respond to variations in customer orders and market demand. Raw materials, comprising Energy Sources and Protein Sources, are sourced from a broad supplier base in Weifang and neighbouring cities, while Additives (being vitamins, minerals and medicinal drugs) are obtained from either local pharmaceutical companies or foreign multinational corporations based in the PRC.

Fuss Feed's main target market is Shandong, although its products are also sold in the neighbouring regions of Anhui, Jiangsu, Hebei and Henan. Shandong is one of the largest agricultural and livestock provinces in East China, with a population of approximately 91 million people. Located in the lower reaches of the Yellow River, Shandong borders the Bo Sea and the East China Sea and is one of China's leading producers of grain, cotton, peanuts, soya beans, vegetables, fruit, meat and aquatic products. Its livestock industry is characterised by farms that are generally run as small scale enterprises with low levels of technological sophistication.

Fuss Feed principally sells its animal feed to distributors that, in turn, sell it on to end users. It maintains a team of distribution channel managers, who manage the distribution network. As at 31 December 2006, Fuss Feed had 238 distributors, mostly comprising small distributorships located in neighbouring villages or towns.

The New Board believes that Fuss Feed's offering of compound, premix and concentrate product ranges provides flexibility for it and its customers. Fuss Feed's main strategy is to focus on Premix where the vitamin, mineral and nutrition mix is formulated. Over the last decade, the company has accumulated a large database of such formulations. As a result Fuss Feed is able to adapt its planned production volumes to meet market trends, customer demand, seasonal changes and local conditions and thereby achieve the most cost effective solution for its customers. It also permits local distributors to buy their own ingredients, such as Energy Sources, for example coarse grains like oats, wheat and maize (which act as the staple carbohydrates for animals) from local sources, thereby enabling them to minimise their transportation costs, which are a major component of their overall product cost.

The majority of Fuss Feed's customers pay in cash on collection of the products directly from the factory. Fuss Feed monitors and reviews the performance of its distributors on an annual basis, based on the achievement of pre-agreed objectives and offers rebates amounting to between four and six per cent. of sales, depending on the type of product sold and an annual rebate of 0.5 to 2.5 per cent. for sales above RMB1,000,000 (approximately £65,350), in accordance with a rebate scheme introduced in January 2007.

In addition, Fuss Feed provides small and medium sized farming enterprises in Shandong with veterinary advice and nutrition education services. Since 2002, Fuss Feed's marketing efforts have focused on direct education and training of such end users rather than broad based advertisements and promotions. Accordingly, the majority of its sales personnel are well trained in areas such as Additives composition, common livestock ailments and the prevention and treatment of common animal diseases. This, the New Board believes, enables them to advise end customers, alongside Fuss Feed's specialist veterinary employees, on the best usage of Fuss Feed's products, which engenders loyalty amongst both distributors and customers.

In terms of product development, Fuss Feed uses its in-house technical knowledge and expertise to formulate feeds that the New Board believes balance cost with nutritional content. Since 2002, Fuss Feed has also been collaborating with the research department of Shandong Agriculture University on livestock nutrition studies. Its proprietary database of past varieties of formulated feeds, technical and reference data is used to facilitate its research and development activities, and it tests the yield efficacy of new products in controlled small farm environments.

#### *Condiments Business (Fu-Rich)*

The condiments industry is one of the fastest growing segments within the PRC's food industry reflecting the increasing purchasing power of Chinese consumers. Annual sales of condiments are estimated to have grown from RMB59 billion in 2004 to RMB100 billion in 2006 (approximately £6.4 billion).

Fu-Rich currently produces a wide range of products that can be divided into three main categories: soya sauce, vinegar and bean paste. Its various different grades of soya sauce, types of vinegar and flavours of bean paste, represent approximately 50 to 60 products that are produced under its "Fushi" and "Fushi Hao Tai Tai" brand names.

In addition, Fu-Rich sells, under the same brand names, other food products sourced from third party manufacturers or suppliers. These products include pickled products, fungi products, chilli oil and flavour-enhancers such as MSG and chicken bouillon seasonings. The New Board believes that the sale of such third party products serves to:

- 1) increase Fu-Rich's existing product range;
- 2) capitalise on Fu-Rich's existing distribution channels; and
- 3) improve customer recognition for the "Fushi" or "Fushi Hao Tai Tai" brands.

For the year to 31 December 2006, sales of condiments products accounted for approximately 45.1 per cent. of the Full Fortune Group's total revenues. The approximate breakdown of condiments sales for the 2006 financial year by product category is: soya sauce (37.9 per cent.), vinegar (29.7 per cent.), bean paste (30.5 per cent.) and other (1.9 per cent.).

Fu-Rich's current factory has a total built-up area of approximately 17,663 sq.m. and houses 107 fermentation pools, two bottle packaging lines, a micro-organism cultivation centre (for example, yeast, mould and bacteria), a natural drying room, a research and development centre and a quality control centre.

Fu-Rich's three main fully automated production lines are as follows:

- 1) **Soya sauce:** as at December 2006 producing in the region of 27,000 tonnes per annum (54 per cent. of its designed production capacity);
- 2) **Vinegar:** as at December 2006 running at approximately 20,000 tonnes per annum (67 per cent. of its designed production capacity); and
- 3) **Bean paste:** as at December 2006 running at approximately 13,000 tonnes per annum (65 per cent. of designed production capacity).

Fu-Rich utilises a hybrid production method for its soya sauce and vinegar products, combining traditional techniques with modern technology and fermentation techniques so as to maintain the rich flavour and taste while increasing product yield. The production cycle for both soya sauce and vinegar is typically between 25 to 180 days, depending on the ingredients used and taste to be achieved. Bean paste production is a faster process requiring between 15 to 40 days, again dependent on the ingredients used and taste requirements. Raw ingredients (mainly soya bean, wheat and flour) are sourced from a broad base of suppliers.

Fu-Rich maintains a high level of production control and in April 2007, obtained GB/T 22000-2006/ISO22000:2005 certification for its production process in soya sauce, vinegar and bean paste.

Fu-Rich is currently building a new manufacturing facility in Shou Guang City with an estimated capacity of 50,000 tonnes per annum which the New Board expects to be completed in June 2008. Fu-Rich intends to use this facility to manufacture premium grade soya sauce,

which takes approximately three to five months to produce, using technology from international suppliers. The New Board expects the new factory to commence shipping products in the last quarter of 2008.

Fu-Rich's primary market is Weifang but it also sells to other cities in Shandong, as well as to neighbouring provinces including Henan, Jiangsu, Anhui, Hebei, Tianjin, Beijing and Liaoning. The New Board believes that Fu-Rich holds a leading market position in Weifang and a significant share of the wider Shandong marketplace. For the year to 31 December 2006, sales to provinces outside Shandong accounted for approximately 16.9 per cent. of Fu-Rich's total revenues.

Fu-Rich sells its products via a network of distributors, retailers and supermarket outlets rather than directly to end consumers. As at 31 December 2006 it had 205 distributors and retailers and numerous outlets of large and medium sized supermarket chains in ten provinces and municipal cities in the north-eastern region of the PRC, including Wal Mart, Carrefour, Shiji Lianhua and Jialejia. Depending on the locality of the supermarket and any existing relationship between the supermarket and an existing distributor, Fu-Rich's preference is to supply supermarkets directly, in order to benefit from its greater bargaining power. Fu-Rich typically provides credit terms of 30 to 45 days for its supermarket customers and collects cash in advance from its distributors.

Fu-Rich uses different types of packaging according to the consumer market segment being targeted, adopting for example, disposable bottles and barrels for the mass market and ornate gift boxes for the high end consumer. The New Board believes that such differentiation enables Fu-Rich's products to appeal to a wide range of consumers and allows it to capture a number of different market segments.

Fu-Rich employs an in-house team of research and development specialists, knowledgeable in fields such as micro-organism cultivation and quality control, who seek to develop improved industrial and cultivating technologies (for example, experimenting with different strains of micro-organisms, temperature controls and humidity levels) to enhance the traditional distinctive aroma, taste and quality of Fu-Rich's products while minimising production times. It also collaborates with the College of Life Science, Shandong University on research into biological and foodstuff issues.

### ***Summary financial information on the Full Fortune Group***

A financial summary for the Full Fortune Group for the three financial years ended 31 December 2006, which has been extracted without material adjustment from, and should be read in conjunction with, the audited historical financial information set out in the Admission Document, is set out below:

	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2004</b>	<b>2005</b>	<b>2006</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Revenue	8,978	13,870	19,273
Gross profit	3,077	4,314	6,771
<i>Gross margin (per cent.)</i>	<i>34.27</i>	<i>31.10</i>	<i>35.13</i>
EBITDA	2,988	4,172	6,454
Profit before taxation	2,619	3,834	6,077
Profit after taxation	1,971	2,838	4,437
<i>Net margin (per cent.)</i>	<i>21.95</i>	<i>20.46</i>	<i>23.02</i>
Cash and cash equivalents	2,337	3,799	3,656
Net assets	4,820	6,997	10,545

For the six months ended 30 June 2007, the Full Fortune Group has traded in line with expectations, with revenue of £10.85 million and profit after taxation of £2.62 million compared to £8.04 million and £1.85 million respectively for the prior year equivalent period. The increase in revenue was mainly due to an increase in demand for Premix in Fuss Feed and a general increase in demand for Fu-Rich's products. The gross margin for the six months ended 30 June 2007 of approximately 38.88 per cent. (2006: 36.11 per cent.) improved principally due to price increases implemented at the end of 2006 and during the period. As at 30 June 2007, the Full Fortune Group had cash and cash equivalents of approximately £3 million.

It is important that you do not rely solely on the key or summary information shown above or elsewhere in this announcement. This announcement should be read as a whole.

### ***Competition***

The New Board believes that the Full Fortune Group's in-house expertise and experience, together with its extensive network of distributors, its scale of operations, current and planned future capacity and ability to offer quality products catering for a wide range of customer tastes and requirements, serve to differentiate it from its competitors.

### ***Animal Feed Industry***

The animal feed industry in the PRC is fragmented and highly competitive, with low barriers to entry. This is a reflection of the industry's low level of technical sophistication and several government-funded initiatives to develop the agricultural sector. The New Board believes that as end customers are typically price sensitive, the use of low product pricing to penetrate the market is a common practice. However, the New Board believes that end customers are also increasingly influenced by product brand names and associated quality perceptions.

The New Board further believes that as Chinese farmers become more sophisticated and large domestic corporations enter the livestock industry by setting up large-scale farms, it is expected that the quality and nutritional value of animal feed will play a bigger role in the end customers' purchasing decisions. As such, the New Board believes that the Full Fortune Group is well placed vis-a-vis its competitors due to its long-standing emphasis on the nutritional aspects of its products.

The animal feed industry also contains many state-owned and privatised companies, which are typically large scale and focus mainly on the production of Compound Feed.

The New Board believes Fuss Feed to be one of the larger animal feed manufacturers in Shandong and regard the following companies to be its main competitors:

- **Liu He Feed:** a state owned enterprise and one of the largest companies in Shandong focused on the manufacture of Compound Feed;
- **Zhong Ji Feed:** founded in 1987, this is Fuss Feed's closest competitor producing Premix, Concentrate Feed and Compound Feed and was one of the first animal feed companies to be established in Shandong;
- **Huan Shan Feed:** located in Weihai, Shandong, focused on the manufacture of Compound Feed for pigs; and
- **Pu Rui Na Feed:** operates from Yantai, Shandong, focused on the manufacture of Concentrate Feeds for pigs.

The New Board believes that the Full Fortune Group has a significant competitive advantage when compared to the aforementioned companies, as in their opinion few competitors have the track record, brand awareness, breadth of nutritional and veterinary experience, product range and flexibility required to service the varying customer demands and changing trends in the livestock industry.

### *Condiments Industry*

Competition in the PRC's condiments industry has generally been restricted to the immediate locality, since each region has its own taste preferences and local brands, which dominate

their markets due to their long standing and operating history. Accordingly, many operators have found it difficult to expand beyond their local region.

However, the rising affluence of consumers in the PRC has resulted in an increase in both competition and opportunities, with customers becoming more adventurous and demanding in their tastes and willing to spend more on purchasing higher quality products. This has led to the growth of new competitors, encouraged existing companies to expand into new regions and attracted the entry of well-known international brands. The New Board believes that, in the light of such enhanced competition, customers' brand awareness is increasingly becoming a key differentiating factor in their buying decisions, with advertising campaigns and the creation of extensive distribution networks now seen to be the main driver for many market participants.

The New Board considers the following companies to be Fu-Rich's main competitors:

- **Yan Tai Xin He:** focuses on bean paste and soya sauce;
- **Zi Bo Qiao Xifu:** concentrates on soya sauce, vinegar and pickled vegetables;
- **Jinan De Xin Zhai:** makes vinegar, soya sauce, bean paste, rice wine and pickled products;
- **Qingdao DengTa:** makes soya sauce and vinegar, as its primary products; and
- **Zhoucun Yutu:** produces soya sauce, vinegar, biscuits and confectionery.

The New Board further believes that there are a number of other condiments' manufacturers that are smaller in size and focused principally on selling to their respective local markets.

The New Board believes that Fu-Rich has a number of competitive strengths, including strong brand recognition, a well established distributor and retail network, experienced and long serving management, a proven hybrid production process and intellectual property, including trademarks and proprietary strains of bacteria used in the fermentation process.

## *Future Strategy*

### *New Facilities in Shou Guang City*

At present, Fu-Rich operates from an 28,294 sq.m. site in Weifang City, with a total built-up area of approximately 17,663 sq.m. The majority of the production lines at Fu-Rich are currently operating at close to their full design capacities.

Accordingly, in order for the Full Fortune Group to be better positioned to service future anticipated growth in demand for the Enlarged Group's products, new premises are currently in the course of construction at a site in Shou Guang City.

The land use rights cover an area of 199,657 sq.m. and the Full Fortune Group has paid a deposit for rights to an adjoining land area of 67,009 sq.m. for possible future expansion. Construction is expected to be completed in mid 2008 when the new site will become the Full Fortune Group's corporate headquarters and Fu-Rich will re-locate its soya sauce production to a new purpose built plant, thereby improving capacity for vinegar and bean paste production at the existing Weifang City facility. The total cost of these new premises is currently expected to be approximately RMB256 million of which RMB111 million has been expended to date, funded in part by recent new equity subscriptions from third party investors.

### *Animal Feed Business*

In 2004, Fuss Feed embarked on a deliberate strategy to expand into the neighbouring provinces around Shandong, with the selective appointment of preferred distributors. As at 30 June 2007, it had a total of 13 distributors located in Henan, Anhui, Jiangsu and Hebei. While the contribution from such neighbouring provinces was only approximately 2.4 per cent. of the Full Fortune Group's total animal feed revenues in its financial year ended 31 December 2006, the New Board believes that there is significant potential to grow revenues from these territories now that the Full Fortune Group has an established foothold.

Accordingly, Fuss Feed intends to continue its expansion in the north-eastern part of the PRC. The New Board believes that Fuss Feed will be able to improve its distribution network by gradually appointing more distributors, as well as providing regular support to its existing distributors in terms of animal nutrition training and advice. By hiring and training additional sales channel staff with veterinary knowledge and experience to visit farming communities in neighbouring provinces, the New Board believes that it should be possible to educate their populace as to the importance of animal nutrition and healthcare whilst increasing awareness of the Full Fortune Group's "Fushi" brand.

Fuss Feed also intends to increase sales of its Premix and Concentrate Feed to large farms and Compound Feed manufacturers, which are able to grow or buy the Energy Sources themselves, by establishing a dedicated sales team to target such customers. The New Board

believes that this strategy will allow Fuss Feed to benefit from greater economies of scale and maintain its competitiveness. By targeting these two groups, rather than competing directly with them, the New Board believes that Fuss Feed can seek to reduce and limit the risks associated with expansion into new markets.

In terms of research and development, Fuss Feed intends to hire additional staff to complement its existing animal nutrition research team. It will continue its efforts to improve its animal feed formulations and keep abreast of new developments in bio-technology and changes in climate, prices and type of livestock. It also intends to continue to expand its collaboration efforts with local universities to improve its formulations.

### *Condiments Business*

Fu-Rich will seek to increase its production volumes and is currently in the process of establishing a new 50,000 tonne capacity soya sauce processing plant at the Full Fortune Group's new premises in Shou Guang City, which the New Board expects to be completed in June 2008. This new plant is expected to produce a higher grade of soya sauce to meet the requirements of a more demanding and affluent Chinese population and which may also be suitable, in the longer term, for export to overseas markets.

Fu-Rich will also seek to continue to broaden its customer base to regions outside Shandong, which have a combined population in excess of 450 million, by increasing the number of regional distributors to capture market share. The New Board believes that expansion of Fu-Rich's distribution network via supermarket channels will be a key factor in achieving growth in sales both within the PRC and internationally, especially for its premium priced branded products.

Research and development activities will be maintained to extend Fu-Rich's product range, including exploring potential healthier alternatives and organic produce. In addition, further new products may potentially be sourced from third party manufacturers.

### *Xianka*

Xianka, which has been under development by Fu-Rich's in-house research and development team, is potentially a new seasoning product which the New Board believes can enhance flavour when cooking food. Unlike traditional seasoning products that consist mainly of artificial chemical compounds, Xianka's raw materials and ingredients are extracted principally from marine plants such as seaweed and kelp. These marine plants contain natural ingredients such as amino acid and proteins and fewer artificial compounds. The New Board believe Xianka will become a substitute product for MSG and chicken bouillon seasoning, especially given its organic nature and origin. In 2006 the PRC produced 1.35 million tonnes of MSG with a market value of approximately RMB13.7 billion (approximately £878 million at the current exchange rate) and 150,000 tonnes of chicken bouillon seasoning with a market

value of approximately RMB3 billion (approximately £192 million at the current exchange rate).

Xian Meishen Technology, a newly formed company wholly owned by Mr Fu Guoping (the co-founder of Fuss Feed), intends to produce, market and sell Xianka products from early 2008 and has entered into an agreement with Fu-Rich in respect of its rental of floor space at the new Shou Guang City premises and the use of Fu-Rich's established distributorship and retail networks following the sale of the Xianka business (including the licensing of intellectual property rights related to the Xianka trademarks and know-how) by Fu-Rich to Xian Meishen Technology. The Full Fortune Group will have the right of first refusal to represent and sell Xianka based products and the right to appoint two directors to the board of Xian Meishen Technology.

It should be stated that the Acquisition does not include the rights to the Xianka Business which will be transferred before Completion to Xian Meishen Technology. However, as part of the Acquisition, the Company has secured a call option, exercisable by itself or by any one of its subsidiaries at the direction of the Company at any time during the two year period following Completion, to acquire the entire issued share capital of Xian Meishen Technology or any other company which carries on all or any part of the Xianka business for a maximum cash consideration of RMB80 million (approximately £5.1 million at current exchange rates). Further details of this option are set out in the Admission Document.

#### *Growth via acquisitions*

The Enlarged Group may potentially consider growing the business via complementary acquisitions of both animal feed and condiments businesses, with good brands and established customers and/or distribution networks, either within the PRC or overseas, where opportunities present themselves to create value for Shareholders.

## **5. Current trading and prospects for the Enlarged Group**

Financial information on Vestpa for the period ended 30 September 2007 is set out in the Admission Document. Since 30 September 2007, the Company's only activity has been to search for and evaluate suitable acquisition opportunities in line with its investment strategy and to enter into the agreements, details of which are set out in the Admission Document published today.

Financial information on the Full Fortune Group for the three years ended 31 December 2006 and the six months ended 30 June 2007 is also set out in the Admission Document published today.

The New Board is optimistic as to the Enlarged Group's prospects, based on the combination of the Acquisition, the Subscriptions and their expectations for the continued growth of the Full Fortune Group, both organically and by acquisition.

## **6. Directors, Proposed Directors, senior management and employees**

At the General Meeting, resolutions will be proposed, conditional on having obtained Shareholders' approval for the Acquisition and Admission to, inter alia, appoint Raphael Tham, Feng Bo, Frank Chau and Derek Marsh as directors of the Company upon Admission. With effect from Admission, it is proposed that both James Cane and Thomas Vaughan will resign from the Board. John McLean will remain on the board and become Non-executive Chairman. He will also be the designated appointee of Albany. Brief biographical details of the Directors, Proposed Directors and senior management are set out below.

### *Directors*

The current composition of the Board of Vestpa is as follows:

#### **John McLean** (Executive Director)

John McLean, aged 54, is Chairman of Albany Capital plc, which he, with three other colleagues, founded in 2006 to invest in pre-IPO and other investments. He is also the Chief Executive Officer of Fairfax Classical Properties Limited, a company that he co-founded in 2003, which builds deluxe houses in the South of England. John has had extensive business experience in a variety of sectors, including retail, branded products, property investment and development, textiles, mobile telephony, cable TV, manufacturing, licensing and logistics. He has managed operations globally, with specific expertise in China, Australia, the USA, Canada and Europe. In 1998, he was appointed by Gamma Holdings NV to carry out a strategic review of their UK interests, including Sanderson, the textile and wallpaper company. John remained with Sanderson until 2003, serving as its managing director to implement a turnaround and disposal plan. From 1992 to 1996, he was employed as General Manager with ICS and co-led a management buy-out of the company with 3i, prior to its successful disposal to Hays plc in 1996. John has a long track record in the development of growing companies and has operated as both managing director and finance director. John is a Chartered Accountant and was formerly with Coopers & Lybrand in both London and New York.

#### **James Cane** (Non-executive Director)

James Cane, aged 55, has been a chief executive and finance director in both listed and private equity backed businesses, and was, until its merger with the Portman Building

Society, a non-executive director of the Lambeth Building Society and a member of its audit and assets & liabilities committees. James is a Chartered Accountant who trained with Arthur Young (now Ernst & Young), and is a member of the Securities Institute. He has operated through a consultancy business for nearly thirty years, and has been a management consultant and business adviser for over thirty years. Earlier this year, he finished a two and a half year project with a UK-centric mid market private equity buyout fund, having resigned as the chief executive and finance director of the OFEX listed Ashley House plc in 2004. James was a divisional managing director and finance director at Westminster Health Care before and after its buyout by a private equity consortium in 1999, followed by roles as the operations and finance director of a private equity advisory firm between 2000 and 2002. James is currently a senior adviser to a leading emerging markets private equity fund manager with 14 offices worldwide and over US\$3.5 billion under management.

**Thomas Vaughan** (Non-executive Director)

Thomas Vaughan, aged 59, co-founded, with his brother, Oliver, Juliana's Holdings Plc which in 1966 was the world's largest discotheque entertainment group. Following its £30 million sale to Wembley Leisure Limited in 1988, Tom became an executive director of Wembley Leisure. In 1994 Tom was appointed chairman of the newly-formed Gander Holdings Plc, a London based property company specialising in the acquisition and development of prime Kensington and Chelsea residential real estate. In January 2000, Tom became a director of the London Academy of Music and Dramatic Art. In April 2004, Tom was appointed a director of ART VPS Limited, a Cambridge based technology company and from January 1996 until 30 March 2007, he was a director of Corporate Synergy Group Plc (renamed Blue Oar Plc).

*Proposed Directors*

**Raphael Tham Wai Mun** (Proposed Chief Executive Officer)

Raphael Tham Wai Mun, aged 37, is currently a director of Full Fortune and Tastyfood Holdings Limited, a listed company on the Singapore Exchange. He has experience in various businesses within the technology, construction, retail and finance industries and has been involved in general management, strategic development, financing and corporate restructuring. Prior to joining Full Fortune, Mr Tham was the senior vice president of International Financial Network Holdings Limited, a Hong Kong based, GEM listed company involved in securities, corporate finance advisory and other related services and was the country manager of their Singapore subsidiary. Mr Tham has also founded and run other businesses and served on the board of listed companies in Singapore. He is also currently a non-executive director of Byte Power Group Limited, an Australian listed company. Mr Tham started his career with the Economic Development Board of Singapore and holds a Bachelor of Arts (Economics) from the National University of Singapore. Mr Tham is fluent in both English and Mandarin. Subject to and with effect from Admission, Mr Tham has entered into a service agreement with Full Fortune and a letter of appointment with the Company, details of which are set out in the Admission Document.

**Feng Bo** (Proposed Chief Operating Officer)

Feng Bo, aged 38, graduated from the Beijing Agriculture Engineering University in 1991 with a Bachelor of Science. She then completed her graduate course in International Trade at China Ocean University in 2003. She is also a committee member of the China Animal Husbandry and Veterinary Institute of Animal Nutrition. She joined Fuss Feed in 1994 and subsequently became its General Manager. Feng Bo is currently a director of Fuss Feed, its legal representative and General Manager. Subject to and with effect from Admission, Ms Feng has entered into an employment agreement with Fuss Feed, letters of appointment with Vestpa and Full Fortune, as well as “service agreements” which are equivalent to letters of appointment with Fuss Feed and Fu-Rich, details of which are set out in the Admission Document.

**Frank Chau** (Proposed Chief Financial Officer)

Frank Chau, aged 35, has more than ten years experience in audit, corporate finance and financial management in Singapore, Hong Kong and mainland China. Mr Chau was the Financial Controller of a Singapore mainboard listed company prior to joining Full Fortune. Mr Chau started his career with the Hong Kong member of Grant Thornton International and holds a Master’s degree in Business Administration from the University of Adelaide, Australia. Mr Chau is a fellow member of the Association of Chartered Certified Accountants. Mr Chau is fluent in both English and Mandarin. Subject to and with effect from Admission, Mr Chau has entered into a service agreement with Full Fortune and a letter of appointment with the Company, details of which are set out in the Admission Document.

**Derek Marsh, CVO** (Proposed Non-executive Director)

Derek Marsh, aged 61, has thirty-eight years of Government experience, including with the British diplomatic service in East Asia where he was Deputy British Ambassador in Seoul from 1997 to 2001 and British Trade Representative in Taipei from 2002 to 2005. His other Government experience includes the following areas: export promotion, aerospace industry, large-scale information business, defence procurement and military operations. Derek was a non-executive director of Bovis Homes Limited between 1992 and 1994. Bovis Homes Limited was a subsidiary of the P&O Group plc. He is currently a non-executive director of the AIM quoted HaiKe Chemical Group Limited, based in the Shandong Province. Derek graduated from the Royal College of Defence Studies, London and the NATO Defence College, Rome and holds an MA from The Queen’s College, Oxford. Subject to and with effect from Admission, Mr Marsh has entered into a letter of appointment with the Company, details of which are set out in the Admission Document.

It is intended that a further director shall be appointed as soon as practicable following Admission, such appointee to be subject to the prior approval of the Chairman of the Company.

Following Completion, the New Board will review the composition of the Board on a regular basis.

### *Senior Management*

In addition to the Directors and Proposed Directors, details of key senior management personnel within the Enlarged Group immediately following Completion are set out below:

#### **Lin Qi**

Lin Qi, aged 38, graduated with a law degree from the East China University of Politics and Law in 1991. Before joining Fu-Rich, he worked in Xinjiang Korla Justice Bureau from 1990 to 1992. He then worked in the condiments industry and subsequently was one of the founders of Fu-Rich in 2001. He has over ten years of experience in the condiments industry from production to sales and marketing. He is currently the General Manager of Fu-Rich in charge of the day-to-day operations, strategic planning, product development, food technology. He is currently pursuing his Executive-MBA with Tsing Hua University.

#### **Feng Lei**

Feng Lei, aged 37, is an economics graduate from Shandong University of Finance in 1992. In 1992, he was the assistant to the director of Zhucheng Cotton Plaiting Factory before being promoted to assistant factory director in 1995. In 1997, he joined Fuss Feed as a Sales and Marketing Manager and became the Deputy General Manager in 2002. He also completed a part-time management course at Tsing Hua University in 2004.

#### **Sang Ming Gang**

Sang Ming Gang is a certified public accountant of the PRC. Mr Sang graduated from the Shandong Economics University in 1989. He started his career with the Treasury Bureau of Fang Zi district in 1989 until 1993. He also served as an officer in the tax, finance and price investigation offices of Fang Zi district from 1993 to 1995. From 1995 to 2002, he worked in a CPA firm. Before joining the Full Fortune Group, Mr Sang was the department head of the asset management department of Shandong Dong Liang Group. He is currently the Full Fortune Group Chief Accountant.

## **Yin Hui**

Yin Hui, aged 37 graduated from Dongbei University of Finance & Economics with a bachelor of accounting in 1992. She worked in the accounting department in the Shandong Huarun Group from 1992 to 1996 and joined Fu-Rich as its Finance Manager in 1997. She is now the Financial Controller of the Full Fortune Group.

### *Employees*

The New Board has confirmed that, except in relation to Raphael Tham, Feng Bo and Frank Chau and certain senior management of the Full Fortune Group who will be entering into new service agreements as mentioned above and as set out in the Admission Document, it intends to retain the services of all the other management and employees of the Full Fortune Group on terms that will remain unchanged following Completion.

On Completion, Vestpa will move its Head Office to Singapore where Raphael Tham and Frank Chau will be based, whilst Feng Bo will oversee operations in Shandong in the PRC. The Company's Registered Office will remain in London where the non-executive directors will be based. The majority of Board meetings will be held outside the UK.

## **7. Principal Terms of the Acquisition**

Pursuant to the Acquisition Agreement, the Company has agreed conditionally to purchase the entire issued ordinary share capital of Full Fortune from the Sellers for an aggregate consideration of approximately £25.17 million, to be satisfied through the issue of the Acquisition Shares (as described below) to the Sellers together with a cash payment of £5 million to Main World who will also be receiving Acquisition Shares.

On Completion, the Sellers will receive, in aggregate, 40,333,333 New Ordinary Shares (equivalent to 1,613,333,320 Existing Ordinary Shares), representing approximately 60.74 per cent. of the Enlarged Share Capital.

Under the Acquisition Agreement, the Sellers and other parties have given warranties and indemnities relating to, inter alia, title to the Full Fortune Ordinary Shares and certain persons have given warranties relating to the due diligence information provided to the Company and other matters (subject to certain limitations) appropriate to a transaction of the size and nature of the Acquisition. The warranties are given to the Company on trust for the benefit of the Shareholders immediately prior to Admission.

The warranties in the Acquisition Agreement are given, *inter alia*, with the following limitations as to liability (which do not apply where the claim is the consequence of fraud or deliberate non-disclosure):

- notice of any claim in respect of the general warranties must be given to the warrantors on or before the date that is three months after the announcement of the audited consolidated accounts of the Enlarged Group for the year ending 31 December 2009;
- the aggregate amount of any claim(s) must exceed £50,000; and
- generally, the maximum sum that can be recovered under the warranties is capped at the consideration payable by the buyer under the Acquisition Agreement.

The Company is giving warranties to the Sellers, *inter alia*, in respect of its capacity to issue the Acquisition Shares and the contents of the Admission Document published today. The Company's warranties are given, *inter alia*, with the following limitations as to liability:

- notice of any claim must be given to the Company on or before the date that is three months after the announcement of the audited consolidated accounts of the Enlarged Group for the year ending 31 December 2008;
- the aggregate amount of any claim must exceed £50,000; and
- generally the maximum sum that can be recovered under the Company's warranties is £2 million.

The Acquisition Agreement is conditional, *inter alia*, on:

1. the passing of those of the Resolutions at the General Meeting necessary to approve the purchase of the shares in Full Fortune, to appoint the Proposed Directors and to authorise the Company to issue the Acquisition Shares; and
2. Admission.

Pursuant to the Acquisition Agreement, certain of the warrantors have agreed that they shall not dispose of their New Ordinary Shares for a period of time from the date of their issue for the purpose of settlement of any claims made by the Company under the terms of the Acquisition Agreement.

The Acquisition Agreement also contains provisions granting Albany a right to appoint one person to the board of directors for such time as Albany holds not less than 10 per cent. of the issued share capital, with John McLean being the current appointee. It also contains provisions relating to the grant of the Xianka Option in favour of the Company to acquire all of the issued share capital of Xian Meishen Technology which will operate the Xianka Business. The consideration for the exercise of the Xianka Option shall be the book value of Xian Meishen Technology subject to a maximum consideration of RMB80 million. Pursuant to this option, the Company shall also be entitled to appoint not less than two persons to the board of Xian Meishen Technology.

Further details of the Acquisition Agreement are set out in the Admission Document.

## **8. Details of the Subscriptions and Re-Admission**

The Company is raising £5 million (£4.1 million after expenses) through the issue of 16,666,667 Subscription Shares at 30 pence for each Subscription Share pursuant to the Subscription Agreements.

The gross proceeds of the Subscriptions, together with the Company's existing cash resources, will be used to fund the cash element of the consideration for the Acquisition and the expenses of the Acquisition.

The Subscriptions are being carried out by the Company. Strand Partners is not acting as subscription agent to the Subscriptions but has agreed, pursuant to the terms of the Re-Introduction Agreement, to procure re-admission of the Enlarged Share Capital to AIM. The obligations of Strand Partners are conditional upon, inter alia, Admission taking place by 8.30 a.m. on 6 December 2007 (or such later time and date, being not later than 24 December 2007, as may be agreed by Strand Partners). The Re-Introduction Agreement contains provisions entitling Strand Partners to terminate the Re-Introduction Agreement at any time prior to Admission in certain circumstances. In addition to the 16,666,667 Subscription Shares detailed above, Strand Partners will apply £75,000 of its fees arising under the Re-Introduction Agreement in subscribing for cash for 150,000 Subscription Shares as part of the Subscriptions.

Further details of the Re-Introduction Agreement are set out in the Admission Document published today.

Albany has undertaken to subscribe for 7,178,342 Subscription Shares firm under the Subscriptions, and Albany has further undertaken to subscribe for the balance of 9,488,325 Subscription Shares, subject to claw back to satisfy applications for Subscription Shares principally from Shareholders. Following the publication of the Admission Document, Shareholders other than Albany will be offered the opportunity to subscribe for in aggregate 4,954,965 Subscription Shares in proportion to their respective shareholdings in the Company.

The Subscription Shares will be issued fully paid and will, in aggregate, represent approximately 25.33 per cent. of the Enlarged Share Capital.

On Completion, the New Board will hold approximately 0.05 per cent. in aggregate of the Enlarged Share Capital. This excludes the 14,772,883 shares, or 22.25 per cent. to be held by Main World of which Feng Bo's husband, Mr Fu Guoping, is the sole shareholder. On 12 November 2007, Main World entered into an agreement with the Company which states the number of New Ordinary Shares to be held by Main World, and sets out the terms by which Main World will conduct business with the Company. Further details of this agreement are set out in the Admission Document published today.

The New Ordinary Shares to be issued under the Subscriptions will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and the Acquisition Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the ordinary share capital of the Company.

## **9. Capital Reorganisation**

In order to make the number of Ordinary Shares in issue more manageable and the share price more attractive to potential investors, the Company proposes, by means of the Capital Reorganisation and subject to Shareholder approval at the General Meeting, to effect the Share Consolidation to reduce the number of authorised and issued Ordinary Shares.

It is anticipated that New Ordinary Share certificates will be issued and dispatched by 14 December 2007 and that CREST holders will have their CREST accounts credited with their new holdings on 6 December 2007. On despatch of the new certificates, any existing certificates will become valueless and should be destroyed. Temporary documents of title will not be issued and, pending dispatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register.

The effect of the Capital Reorganisation will be to consolidate every 40 Existing Ordinary Shares into one New Ordinary Share. To avoid overall fractional entitlements, Albany subscribed for 38 Ordinary Shares at a price of 1.875p per share on 9 November 2007, being the closing mid market price of the Ordinary Shares on that date. Accordingly, the total number of Ordinary Shares in issue as at the date of this announcement is 370,000,040.

Following completion of the Capital Reorganisation and the proposed increase in the Company's authorised share capital as set out in the notice of General Meeting at the back of the Admission Document being posted today, the authorised share capital of the Company will be £4 million, consisting of 100,000,000 New Ordinary Shares.

## **10. The City Code on Takeovers and Mergers**

The Acquisition and the issue of the Acquisition Shares to certain of the Sellers give rise to certain considerations under the City Code. Brief details of the Panel and the City Code, and the protections they afford to Shareholders, are described below.

The City Code is issued and administered by the Panel pursuant to the Companies Act 2006. The City Code applies to all takeovers and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the UK, the Channel Islands or the Isle of Man and to certain categories of private limited companies. As a public limited company registered in England and with its central place of management and control in the UK, Vestpa is currently subject to the provisions of the City Code and its Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code ("Rule 9"), any person who acquires an interest in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Under Rule 9, when any person or group of persons acting in concert individually or collectively are interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of the voting rights of a company and such person or any person acting in concert with him acquires an interest in any other shares, which increases the shares carrying voting rights in which he is interested, then that person or group of persons is normally required by the Panel to make a general offer in cash to all shareholders of that company at the highest price paid by them for any interest in shares in that company during the previous twelve months.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) actively co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Control means the holding, or aggregate holdings, of interests in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

In the context of the Acquisition, certain of the Sellers are currently considered to be persons acting in concert for the purposes of the City Code in relation to the Company. The members of this Concert Party currently have no shareholdings in the Company. Following completion of the Proposals, the Concert Party will hold, in aggregate, 35,739,071 New Ordinary Shares representing approximately 53.82 per cent. of the voting rights attaching to the Enlarged Share Capital.

As set out above, under Rule 9, the Concert Party would normally be obliged in such circumstances to make a general offer to all shareholders at not less than the highest price paid by any member of the concert party, or any person acting in concert with it, within the preceding twelve months for shares of that class.

However, the Panel has discretion to waive this requirement for the Concert Party to make a mandatory offer under Rule 9 that would ordinarily arise as a result of the Acquisition if holders of shares carrying more than 50 per cent. of the voting rights state in writing that they would not accept such an offer if it were made. The Panel has exercised its discretion to grant such a waiver because Albany, a holder of 59.16 per cent. of the voting rights of the Company, has confirmed to the Panel in writing that Albany would not accept such an offer if it were made. As a result, no approval of the waiver of the obligation that would otherwise arise under Rule 9 for the members of the Concert Party to make a mandatory offer as a result of the Acquisition is being sought in this case.

#### *Non City Code Status following Completion*

Following Completion, the central place of management and control will no longer be in the UK. As a result, following the Acquisition the City Code will not apply to any offer made to shareholders in the Company to acquire their shares.

**Shareholders should note that, if the Acquisition is completed, they will not receive the protections afforded by the City Code in the event of a subsequent offer to acquire their shares in the Company.**

#### *The City Code*

The City Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The City Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

### ***The general principles and rules of the City Code***

The City Code is based on a number of general principles which are essentially statements of standards of commercial behavior. These are set out in the Appendix to this announcement and apply to all transactions with which the City Code is concerned. They are expressed in broad terms and the City Code does not define the precise extent of, or the limitations on, their application. They are applied by the Panel in accordance with their spirit to achieve their underlying purpose.

In addition to the general principles, the City Code contains a series of rules, of which some are effectively expansions of the general principles and examples of their application and others are provisions governing specific aspects of takeover procedure. Although most of the rules are expressed in more detailed language than the general principles, they are not framed in technical language and, like the general principles, are to be interpreted to achieve their underlying purpose. Therefore, their spirit must be observed as well as their letter. The Panel may derogate or grant a waiver to a person from the application of a rule in certain circumstances.

### ***Giving up the protection of the City Code***

A summary of key points regarding the application of the City Code to takeovers generally is set out in the Appendix to this announcement. Shareholders are encouraged to read this information carefully as it outlines certain important protections which they will be giving up if the Acquisition is completed.

## **11. Change of Company Name**

To reflect the proposed changes to the Company, its management and operations as a result of the Acquisition, it is proposed that, conditional on Completion, the Company will change its name to China Food Company Plc.

## **12. Lock-in and orderly market arrangements**

On 25 May 2007, the Company entered into two separate lock-in agreements with Blue Oar Securities Plc and each of Thomas Vaughan and Albany Capital Plc. Pursuant to these agreements and Rule 7 of the AIM Rules, Thomas Vaughan and Albany Capital agreed, inter alia, not to dispose of shares in the Company for a period of twelve months from the date of the Company's admission to AIM save in limited circumstances permitted by the AIM Rules and are subject to orderly market provisions for a further twelve months. These lock-in arrangements with Blue Oar Securities Plc will continue on Admission.

On Completion, Albany and Chang Kuan Teck and Wee-Foo Sze Chew (Vincent) are expected respectively, to be interested in approximately 19.05 per cent. and 2.01 per cent of the Enlarged Share Capital. Albany Capital and Chang Kuan Teck and Wee-Foo Sze Chew (Vincent) have undertaken to the Company and Strand Partners not to dispose of their

Ordinary Shares in the Company for a period of twelve months from Admission, save as permitted by the AIM Rules. For the following twelve months, they may only dispose of Ordinary Shares with the prior written consent of the Company's nominated adviser and broker from time to time, subject to orderly market arrangements.

On Completion, the Sellers will be interested in approximately 63.88 per cent. of the Enlarged Share Capital. The New Board and the Sellers have undertaken to the Company and Strand Partners that, they will not dispose of any interest in the New Ordinary Shares held by them for a period of twelve months from the date of Admission. For the following twelve months, they may only dispose of Ordinary Shares with the prior written consent of the Company's nominated adviser and broker from time to time, subject to orderly market arrangements. Main World, may, at the election of the Company, dispose of its shares during the lock-in period to satisfy any warranty and/or indemnity claims brought by the Company pursuant to the Acquisition Agreement.

In aggregate, 56,525,843 New Ordinary Shares representing approximately 85.13 per cent. of the Enlarged Share Capital will be subject to the lock-in and orderly market agreements referred to above. Further details of the lock-in and orderly market agreements are set out in the Admission Document.

### **13. General Meeting**

In order to give effect to the Acquisition and to approve the other elements of the Proposals, a General Meeting is being convened for 11.00 a.m. on 5 December 2007.

### **14. Irrevocable Undertakings**

The Company has received irrevocable undertakings from certain of the Directors and Albany to vote in favour of the Acquisition and the other resolutions to be proposed at the General Meeting.

Further details of these irrevocable undertakings are set out in the Admission Document.

### **15. Admission Document**

The Admission Document setting out details of the Proposals and including a notice of the General Meeting, accompanied by the form of proxy, will be posted to Shareholders today. Copies of the admission document will be available to the public free of charge from today at the offices of Fasken Martineau Stringer Saul LLP, 17 Hanover Square, London W1S 1HU during normal business hours on any weekday (other than Saturdays and public holidays), until one month following the date of admission.

## 16. Expected timetable of principal events

Publication of the Admission Document	12 November 2007
Payment to be received from Subscribers pursuant to the Subscriptions in cleared funds	12.00 noon on 23 November 2007
Latest time and date for receipt of forms of proxy	11.00 a.m. on 3 December 2007
General Meeting	11.00 a.m. on 5 December 2007
Latest date for dealings in Ordinary Shares and for registration of transfers	close of business on 5 December 2007
Record date for the Capital Reorganisation	close of business on 5 December 2007
Admission effective and dealings in the Enlarged Share Capital expected to commence on AIM	6 December 2007
Completion of the Acquisition	6 December 2007
CREST accounts expected to be credited with the New Ordinary Shares, including the Acquisition Shares and Subscription Shares (where applicable)	6 December 2007
Definitive share certificates for the New Ordinary Shares, including the Acquisition Shares and Subscription Shares (where applicable) to be despatched by	14 December 2007

*Each of the times and dates in the above timetable is subject to change. All references are to London time unless otherwise stated. Temporary documents of title will not be issued.*

### **Enquiries:**

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The Subscriptions are not being made, directly or indirectly, in or into the United States, Canada, Japan, the Peoples' Republic of China, Australia or the Republic of South Africa or any other jurisdiction in which such Subscriptions or solicitation is unlawful. Accordingly, this announcement is not being and should not be released or otherwise distributed or sent in, into or from the United States, Canada, Japan, the Peoples' Republic of China, Australia or the Republic of South Africa or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation. The New Ordinary Shares to be allotted pursuant to the Acquisition and the Subscriptions have not been and will not be registered under the Securities Act of 1933 (as amended) ("Securities Act"), or under the relevant securities laws of any state or other jurisdiction of the United States, Canada, Japan, Singapore, the Peoples' Republic of China, Australia or the Republic of South Africa. Accordingly, the New Ordinary Shares to be allotted pursuant to the Acquisition and the Subscriptions may not (unless an exemption under the Securities Act, or other relevant securities laws is available) be offered, sold, re-sold or delivered, directly or indirectly, in, into or from the United States, Canada, Japan, Singapore, the Peoples' Republic of China, Australia or the Republic of South Africa or any other jurisdiction where this would constitute a violation of the relevant laws of, or require registration thereof in, such a jurisdiction or to, or for the account or benefit of, any US persons or a person in, or resident of Canada, Japan, Singapore, the Peoples' Republic of China, Australia or the Republic of South Africa.

This announcement is not being and should not be released or otherwise distributed or sent in, into or from the United States, Canada, Singapore, the Peoples' Republic of China, Australia, Republic of South Africa, or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation. The New Ordinary Shares to be allotted pursuant to the Acquisition have not been and will not be registered under the Securities Act, or under the relevant securities laws of any state or other jurisdiction of the United States, Canada, Singapore, the Peoples' Republic of China, Australia, Republic of South Africa or Japan. Accordingly, the New Ordinary Shares to be allotted pursuant to the Acquisition may not (unless an exemption under the Securities Act, or other relevant securities laws is available) be offered, sold, re-sold or delivered, directly or indirectly, in, into or from the United States, Canada, Singapore, the Peoples' Republic of China, Australia, Republic of South Africa, Japan or any other jurisdiction where this would constitute a violation of the relevant laws of, or require registration thereof in, such a jurisdiction or to, or for the account or benefit of, any US persons or a person in, or resident of Singapore, the Peoples' Republic of China, Canada, Australia, Republic of South Africa or Japan.

The New Ordinary Shares to be issued pursuant to the Subscriptions will be offered in Singapore pursuant to the private placement exemption under Section 272B (Private Placement) of Part XIII of the Securities and Futures Act (Chapter 289) of Singapore (the "Singapore Act"). Any person to whom an offer is made in Singapore pursuant to the private placement is deemed to have represented to the Company that it is, or intends to subscribe for or purchase the New Ordinary Shares to be issued pursuant to the Subscriptions for its own account and not as nominee or transferee or otherwise on behalf of any other person or persons and if it is a company or corporation that it is not established or incorporated specifically solely for the purpose of the proposed subscriptions or purchase of New Ordinary Shares to be issued pursuant to the Subscriptions or the proposed investment in the Company.

Strand Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial and nominated adviser and broker to the Company in connection with the Acquisition, Subscriptions and proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated

adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this announcement. Strand Partners Limited is acting exclusively for Vestpa and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this announcement or the Acquisition, Subscriptions or the proposed admission of the Enlarged Share Capital to trading on AIM. No representation or warranty, express or implied, is made by Strand Partners Limited as to the contents of this announcement, without limiting the statutory rights of any person to whom this announcement is issued. The information contained in this announcement is not intended to inform or be relied upon by any subsequent purchasers of New Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

## DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

<b>“Acquisition”</b>	the proposed acquisition by the Company of the entire issued ordinary share capital of Full Fortune pursuant to the Acquisition Agreement;
<b>“Acquisition Agreement”</b>	the conditional agreement between the Company (1), certain warrantors (2) and the Sellers (3) relating to the Acquisition, further details of which are set out in the Admission Document;
<b>“Acquisition Shares”</b>	the 40,333,333 New Ordinary Shares to be issued following the Capital Reorganisation to the Sellers pursuant to the Acquisition Agreement upon completion of the Acquisition;
<b>“Additives”</b>	refers to vitamins, minerals or drugs added to animal feed as nutritional supplements;
<b>“Admission”</b>	the effective admission of the Enlarged Share Capital to trading on AIM in accordance with Rule 6 of the AIM Rules for Companies;
<b>“Admission Document”</b>	the document posted to Shareholders today;
<b>“AIM”</b>	the market known as AIM operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the rules applicable to companies whose securities are traded on AIM and their advisers, as published by the London Stock Exchange from time to time;
<b>“Albany Capital” or</b>	Albany Capital Plc, a company incorporated in England and Wales with registered number 03995223, whose registered

<b>“Albany”</b>	office is at 17 Hanover Square, London W1S 1HU;
<b>“Board”</b>	the board of directors of the Company from time to time;
<b>“bouillon”</b>	refers to stock or broth for soup and sauces produced by cooking, either separately or in any combinations, vegetables, poultry, meat or fish in water, strained and thereafter dried and packed in the form of granules or cubes;
<b>“CA 1985” or “Act”</b>	the Companies Act 1985, as amended;
<b>“CA 2006” or “2006 Act”</b>	the Companies Act 2006;
<b>“Cambie Worldwide”</b>	Cambie Worldwide Investment Limited, a company incorporated in the British Virgin Islands with registration number 1003755, whose registered office is at P.O. Box 901, Road Town, Tortola, British Virgin Islands, being one of the Sellers;
<b>“Capital Reorganisation” or “Share Consolidation”</b>	the proposed 1 for 40 Ordinary Share consolidation, details of which are set out in the Admission Document;
<b>“certificated” or “in certificated form”</b>	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
<b>“China” or “the PRC”</b>	The Peoples’ Republic of China (for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan);
<b>“City Code”</b>	the City Code on Takeovers and Mergers;
<b>“Company” or “Vestpa”</b>	Vestpa Plc, a company incorporated in England and Wales with registered number 06077223 whose registered office is 17 Hanover Square, London W1S 1HU;
<b>“Completion”</b>	completion of the Proposals (other than Admission) in accordance with their terms;
<b>“Compound Feed”</b>	a feed that contains Energy Sources, Protein Sources and Additives and represents a nutritionally complete meal for animals;
<b>“Concentrate Feed”</b>	a subset of Compound Feed that contains Protein Sources and Additives but lacks Energy Sources;
<b>“Concert Party”</b>	Main World, Sound Venture and Cambie Worldwide, being certain of the Sellers;
<b>“condiment”</b>	a substance applied to food, usually in the form of a garnish, powder or sauce to enhance or improve the flavour;
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;

<b>“Directors”</b>	the existing directors of the Company at the date of this announcement;
<b>“EBITDA”</b>	the amount arrived at after adding back the taxation charge, interest payable, depreciation of property, plant and equipment and amortisation of intangible assets to the profit after tax, less interest receivable
<b>“Energy Sources”</b>	this usually refers to coarse grains like oats, wheat and maize which act as the staple carbohydrates for animals;
<b>“Enlarged Group”</b>	the Company and, following completion of the Acquisition, the Full Fortune Group;
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company following Completion comprising the New Ordinary Shares arising pursuant to the Share Consolidation, the Acquisition Shares and the Subscription Shares;
<b>“Existing Ordinary Shares”</b>	the 370,000,040 Ordinary Shares in issue at the date of this announcement, which will become 9,250,001 New Ordinary Shares pursuant to the Capital Reorganisation;
<b>“fermentation”</b>	typically refers to the conversion of one substance to another substance using micro-organisms through a bio-chemical process over a course of time;
<b>“Full Fortune”</b>	Full Fortune Holdings Pte. Limited, a company incorporated in Singapore with registered number 200507198G, whose registered office is at No. 36, Robinson Road, #18-00 City House, Singapore 068877;
<b>“Full Fortune Directors”</b>	the Proposed Directors other than Derek Marsh;
<b>“Full Fortune Group”</b>	Full Fortune and any subsidiary of Full Fortune;
<b>“Full Fortune Ordinary Shares”</b>	the ordinary shares in the capital of Full Fortune;
<b>“Fu-Rich”</b>	Shandong Fu-Rich Co. Limited (formerly Shandong Wanxiangyuan Food Co. Limited), a wholly owned operating subsidiary of Full Fortune involved in the manufacture and sale of condiments and other food products;
<b>“Fuss Biotech”</b>	Shandong Fuss Biotech Co. Limited, a wholly owned subsidiary company of Full Fortune which holds certain land use rights in the PRC;
<b>“Fuss Feed”</b>	Fuss Feed (Weifang) Co., Limited, a wholly owned subsidiary company of Full Fortune involved in the manufacture and sale of animal feed;
<b>“General Meeting”</b>	the general meeting of the Company, notice of which is set out at the end of the Admission Document;
<b>“IFS”</b>	IFS Capital Assets Pte Limited, an investment holding company incorporated in Singapore with registration number 198700828M whose registered office is at 7 Temasek Boulevard, #10-01 Suntec Tower One, Singapore, 038987,

	being one of the Sellers;
<b>“Issue Price”</b>	50 pence per Acquisition Share;
<b>“Lam Soon”</b>	Lam Soon Realty (Pte) Limited, an investment holding company incorporated in Singapore with registration number 197300347N whose registered office is at 15 Scotts Road, #05-01 Thong Teck Building, Singapore 228218, being one of the Sellers;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Main World”</b>	Main World Investments Limited, a company incorporated in the British Virgin Islands with registration number 1060682 whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, being one of the Sellers;
<b>“MSG”</b>	Mono Sodium-Glutamate (flavour enhancer).
<b>“New Articles”</b>	means the new articles of association of the Company to be adopted by the Company pursuant to the Proposals as further described in the Admission Document;
<b>“New Board”</b>	John McLean and the Proposed Directors;
<b>“New Ordinary Shares”</b>	the proposed new ordinary shares of 4 pence nominal value each in the capital of the Company to be created pursuant to the Capital Reorganisation;
<b>“Official List”</b>	the Official List of the Financial Services Authority of the UK;
<b>“Ordinary Shares”</b>	the ordinary shares of 0.1 pence nominal value each in the capital of the Company in issue prior to the Capital Reorganisation;
<b>“Panel”</b>	the Panel on Takeovers and Mergers, the regulatory body that administers the City Code;
<b>“Premix”</b>	a subset of Compound Feed that consists of Additives but lacks Energy Sources and Protein Sources;
<b>“Proposals”</b>	together, the Acquisition, the Subscriptions, the Capital Reorganisation, the appointment of the Proposed Directors, the change of name, Admission and the Resolutions each as described in the Admission Document;
<b>“Proposed Directors”</b>	Raphael Tham, Frank Chau, Feng Bo and Derek Marsh;
<b>“Protein Sources”</b>	this usually refers to oilseeds like soya beans, sunflower seeds and rapeseeds which provide the necessary protein required by animals for their nutrition;
<b>“Re-Introduction Agreement”</b>	the conditional agreement dated 12 November 2007 between the Company (1), the Directors (2), the Proposed Directors (3), Main World (4) and Strand Partners (5), further details of which are set out in the Admission Document;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/No. 3755);

<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, as set out in the notice of General Meeting at the end of the Admission Document and reference to a Resolution is to the relevant resolution set out in the notice of General Meeting;
<b>“RMB” or “Renminbi”</b>	the legal currency of the PRC from time to time;
<b>“Sellers”</b>	Sound Venture, Main World, Cambie Worldwide, IFS and Lam Soon;
<b>“Shareholders”</b>	holders of Ordinary Shares or, following the Capital Reorganisation, New Ordinary Shares;
<b>“Sound Venture”</b>	Sound Venture Holdings Inc., a company incorporated in the British Virgin Islands with registration number 1382937 whose registered office is at Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands, being one of the Sellers;
<b>“soya bean”</b>	a species of legume native to Eastern Asia.
<b>“Strand Partners”</b>	Strand Partners Limited, the Company’s financial and nominated adviser and broker;
<b>“Sterling” or “£”</b>	pounds sterling, the lawful currency of the UK from time to time;
<b>“Subscribers”</b>	the subscribers for Subscription Shares pursuant to the Subscriptions;
<b>“Subscriptions”</b>	the conditional subscriptions for the Subscription Shares pursuant to the Subscription Agreements;
<b>“Subscription Agreements”</b>	the subscription agreements between the Company and the Subscribers;
<b>“Subscription Price”</b>	30p per Subscription Share;
<b>“Subscription Shares”</b>	the 16,666,667 New Ordinary Shares to be subscribed for cash by the Subscribers immediately following the Capital Reorganisation pursuant to the Subscriptions and the 150,000 New Ordinary Shares to be subscribed by Strand Partners on Admission as part of its fees for acting as nominated adviser to the Company as is more fully described in the Admission Document;
<b>“subsidiary” or “subsidiary undertaking”</b>	have the meanings given to them by CA 2006;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;

<b>“US person”</b>	a citizen or permanent resident of the United States, as defined in Regulation S promulgated under the Securities Act 1933;
<b>“Xian Meishen Technology”</b>	Xian Meishen Technology Co. Limited, a company incorporated in the PRC and having its registered address at Flat 4S-D, No. 5 Xie Tong Building, New Tech District, Gaoxin Road, Xi’an, Shaanxi, China 710000;
<b>“Xianka Business”</b>	the business of a new type of flavour enhancing product carried on by Xian Meishen Technology; and
<b>“Xianka Option”</b>	the option in favour of the Company to acquire all of the issued share capital of Xian Meishen Technology which will operate the Xianka Business pursuant to and on the terms of the Acquisition Agreement.

For the purposes of this announcement the exchange rate used is RMB15.6 to £1.

## **APPENDIX**

### **GENERAL PRINCIPLES AND APPLICATION OF THE CITY CODE**

#### **A. The General Principles of the City Code**

1. All holders of the securities of an offeree company of the same class must be afforded equivalent treatment; moreover, if a person acquires control of a company, the other holders of securities must be protected.
2. The holders of the securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on the bid; where it advises the holders of securities, the board of the offeree company must give its views on the effects of implementation of the bid on employment, conditions of employment and the locations of the company’s places of business.
3. The board of an offeree company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on the merits of the bid.
4. False markets must not be created in the securities of the offeree company, of the offeror company or of any other company concerned by the bid in such a way that the rise or fall of the prices of the securities becomes artificial and the normal functioning of the markets is distorted.

5. An offeror must announce a bid only after ensuring that he/she can fulfil in full any cash consideration, if such is offered, and after taking all reasonable measures to secure the implementation of any other type of consideration.
6. An offeree company must not be hindered in the conduct of its affairs for longer than is reasonable by a bid for its securities.

## **B. Detailed application of the City Code**

The following is a summary of key provisions of the City Code which apply to transactions to which the City Code applies. **Shareholders should note that, if the Acquisition is completed, they will be giving up the protections afforded by the City Code.**

### ***Equality of treatment***

General Principle 1 of the City Code states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment. Furthermore, Rule 16 requires that, except with the consent of the Panel, special arrangements may not be made with certain shareholders in the Company if there are favourable conditions attached which are not being extended to all shareholders.

### ***Information to shareholders***

General Principle 2 requires that holders of securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on a bid. Consequently, a document setting out full details of an offer must be sent to the offeree company's shareholders.

### ***The opinion of the offeree board and independent advice***

The board of the offeree company is required by Rule 3.1 of the City Code to obtain competent independent advice on an offer and the substance of such advice must be made known to its shareholders. Rule 25.1 requires that the board of the offeree company must circulate its opinion on the offer and its reasons for forming that opinion. That opinion must include the board's views on: the effects of implementation of the offer on all the company's interests, including, specifically, employment; and on the offeror's strategic plans for the offeree company and their likely repercussions on employment and the locations of the offeree company's places of business.

The circular from the offeree company must also deal with other matters such as interests and recent dealings in the securities of the offeror and the offeree company by relevant parties and whether the directors of the offeree company intend to accept or reject the offer in respect of their own beneficial shareholdings. Rule 20.1 states that information about the companies involved in the offer must be made equally available to all offeree company shareholders as nearly as possible at the same time and in the same manner.

***Optionholders and holders of convertible securities or subscription rights***

Rule 15 of the City Code provides that when a City Code offer is made for voting equity share capital or other transferable securities carrying voting rights and the offeree company has convertible securities outstanding, the offeror must make an appropriate offer or proposal to the stockholders to ensure their interests are safeguarded. Rule 15 also applies in relation to holders of options and other subscription rights. If the Acquisition is completed, these protections will be lost.

**END**