



3 October 2013

**High Concentration of Shareholding
in
First Natural Foods Holdings Limited (Stock Code: 1076)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of First Natural Foods Holdings Limited (“the Company”) in the hands of a limited number of shareholders as at 23 September 2013.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that as at 23 September 2013, 13 shareholders held an aggregate of 76,970,500 Shares, representing 19.23% of the issued Shares. Such shareholding, together with 300,182,154 Shares (representing 74.99% of the issued Shares) held by a substantial shareholder of the Company, represented 94.22% of the issued Shares as at 23 September 2013. Therefore, only 23,093,620 Shares (representing 5.78% of the issued Shares) were held by other shareholders.

As at 23 September 2013, the shareholding structure of the Company was as follows:-

	Number of Shares held (Shares)	% of total number of issued Shares (%)
Inventive Star Limited (Note 1)	300,182,154	74.99
A group of 13 shareholders	76,970,500	19.23
Other shareholders	23,093,620	5.78
Total	400,246,274	100.00

Note 1: Inventive Star Limited is wholly and beneficially owned by Ms. Cui Lijie.



It was noted that the closing price of the Shares surged 383.78% from HK\$0.74 on 6 August 2013 to HK\$3.58 on 12 September 2013. During the period, the Company has published the following announcements:

- 1) After market close on 21 August 2013, the Company made a profit warning announcement, which expected to record a loss from operations for the six months ended 30 June 2013 as compared with a profit from operations for the same period last year.
- 2) Before market open on 30 August 2013, the Company announced its interim results for the six months ended 30 June 2013. The loss for the period was HK\$1.895 million, compared with a loss of HK\$0.952 million for the same period last year.
- 3) After market close on 2 September 2013, the Company announced its then controlling shareholder, Groupwill Holdings Limited, had been enquired by an intermediary about the possible sale of its interest in the Company. Groupwill Holdings Limited is wholly and beneficially owned by Mr. Huang Kunyan, the Chairman and Executive Director of the Company.

Trading in the Shares was suspended on 13 September 2013 and resumed on 23 September 2013. During the suspension period, the Company announced that Inventive Star Limited acquired 300,182,154 Shares from Groupwill Holdings Limited at HK\$1.00 per Share. Accordingly, Inventive Star Limited is required to make a mandatory unconditional cash offer for all issued Shares at HK\$1.00 per Share.

On the day of trading resumption, 23 September 2013, price of the Shares increased 27.09% from the pre-suspension closing price of HK\$3.58 to close at HK\$4.55. On 2 October 2013, the share price closed at HK\$4.83, representing an increase of 552.70% from the closing price of HK\$0.74 on 6 August 2013 or a premium of 383.00% over the offer price of HK\$1.00.

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