

CIRCULAR DATED 13 OCTOBER 2010

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Food Junction Holdings Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

foodjunction

FOOD JUNCTION HOLDINGS LIMITED

(Company Reg. No. 200003470N)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ALL AROUND LIMITED

Independent Financial Adviser to the Directors of the Company

PRIMEⁿ
Partners

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Reg. No. 200207389D)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

- Last Date and Time for lodgment of Proxy Forms : 26 October 2010 at 10.00 a.m.
- Date and Time of Extraordinary General Meeting : 28 October 2010 at 10.00 a.m.
- Place of Extraordinary General Meeting : Mandarin Suite, 5th Floor
Main Tower
Mandarin Orchard Singapore
(formerly known as Meritus Mandarin Singapore)
333 Orchard Road
Singapore 238867

CONTENTS

	<i>Page</i>
DEFINITIONS	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	7
2. DETAILS OF THE PROPOSED ACQUISITION	8
3. RATIONALE FOR AND BENEFIT OF THE PROPOSED ACQUISITION	11
4. INFORMATION ON TAMSETT AND THE ALL AROUND GROUP	12
5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION	13
6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	14
7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER TO THE DIRECTORS	16
8. RECOMMENDATION OF THE AUDIT COMMITTEE	16
9. DIRECTORS' RECOMMENDATION	17
10. EXTRAORDINARY GENERAL MEETING	17
11. ACTION TO BE TAKEN BY SHAREHOLDERS	17
12. ABSTENTATION FROM VOTING	17
13. CONSENTS	17
14. DIRECTORS' RESPONSIBILITY STATEMENT	18
15. DOCUMENTS AVAILABLE FOR INSPECTION	18
APPENDIX 1	
LETTER OF ADVICE FROM PRIMEPARTNERS TO THE INDEPENDENT DIRECTORS	19
APPENDIX 2	
INDEPENDENT VALUATION SUMMARY LETTER FROM PwC	37
APPENDIX 3	
VALUATION REPORT BY CBRE(HK)	42
APPENDIX 4	
NOTICE OF EXTRAORDINARY GENERAL MEETING	44
PROXY FORM	

DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

- “Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Agreement”** : The sale and purchase agreement dated 15 September 2010 entered into between FJI and Tamsett in relation to the Proposed Acquisition, as may be amended or supplemented from time to time
- “All Around”** : All Around Limited, a private limited company incorporated in the British Virgin Islands
- “All Around Group”** : All Around Limited and its subsidiary, LCR Catering
- “Articles”** : The articles of association of the Company
- “Approved Exchange”** : Means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles in Chapter 9 of the Listing Manual
- “Associate”** : (a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he or his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the listed company or group
- “Board”** : The board of directors of the Company for the time being
- “Business Day”** : A day (other than Saturday, Sunday or Singapore public holiday or, where applicable in Hong Kong, any day on which a tropical cyclone warning no. 8 or above is hoisted at any time between 9.00 a.m. and 5.30 p.m. or on which a ‘black’ rainstorm warning is hoisted at any time between 9.00 a.m. and 5.30 p.m.) when banks in Hong Kong and Singapore are open for business
- “CBRE(HK)”** : CB Richard Ellis Limited (Hong Kong)

“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Food Junction Holdings Limited
“Completion”	:	The completion of the sale and purchase of the Sale Share and where applicable, also means the performance by FJI and Tamsett of their respective obligations pursuant to the terms and conditions of the Agreement, as the case may be
“Completion Date”	:	The date falling on the second Business Day after the satisfaction or, where applicable, waiver of the conditions precedent in the Agreement (or the Business Day immediately following thereafter if such date is not a Business Day) or such other date as the parties may agree
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company (unless the SGX-ST determines that such person is not a controlling shareholder of the company); or (b) in fact exercises control over the company
“Directors”	:	The directors of the Company as at the date of this Circular
“EPS”	:	Earnings per share
“EGM”	:	The Extraordinary General Meeting of the Company to be held on 28 October 2010
“Entity at Risk”	:	<ul style="list-style-type: none"> (a) the listed company; (b) a subsidiary of the listed company that is not listed on the SGX-ST or an Approved Exchange; or (c) an Associated Company of the listed company that is not listed on the SGX-ST or an Approved Exchange, provided that the listed group, or the listed group and its Interested Person(s), has control over the Associated Company
“FJI”	:	Food Junction International Pte Ltd, a wholly-owned subsidiary of the Company
“FY”	:	Financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries
“Hong Kong”	:	Hong Kong, the Special Administrative Region of the People’s Republic of China
“HY”	:	Half year ended or ending 30 June
“Independent Shareholders”	:	Shareholders other than LCRL and its Associates (namely, APG Strategic Investment Pte Ltd and Auric Pacific Investment Pte Ltd)

“Interested Person”	:	(a) A director, chief executive officer, or Controlling Shareholder of the issuer; or
		(b) An Associate of any such director, chief executive officer or Controlling Shareholder
“Interested Person Transaction”	:	A transaction between an Entity at Risk and an Interested Person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (i.e. through one or more interposed entities)
“LCR Catering”	:	LCR Catering Services Limited, a private limited company incorporated in the Hong Kong
“LCRL”	:	Lippo China Resources Limited
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 6 October 2010
“Listing Manual”	:	SGX-ST Listing Manual
“NTA”	:	Net tangible assets
“per cent” or “%”	:	Per centum or percentage
“PrimePartners”	:	The independent financial adviser, PrimePartners Corporate Finance Pte. Ltd., appointed to advise the Directors in relation to the Proposed Acquisition
“Proposed Acquisition”	:	The proposed acquisition by the Company of the entire issued share capital of All Around from Tamsett, subject to the terms and conditions of the Agreement
“Proxy Form”	:	The proxy form as set out at pages 45 to 46 of this Circular
“PwC”	:	PricewaterhouseCoopers LLP
“Restaurant”	:	The Lippo Chiuchow Restaurant, a restaurant located at Shop 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“Sale Price”	:	The aggregate sum of HK\$31.0 million (amounting to approximately S\$5.3 million) to be paid by FJI to Tamsett for the purchase of the Sale Share
“Sale Share”	:	One (1) share representing the entire issued share capital of All Around
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of the Shares in the Register of Members of the Company, or where CDP is the registered holder, the term “Shareholders” shall in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register

“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person who holds directly and/or indirectly 5% or more of the total issued share capital in the Company
“Tamsett”	:	Tamsett Holdings Limited
“Tenancy Agreement”	:	The tenancy agreement dated 25 March 2010 between LCR Catering and West Tower Holding Limited, concerning the lease of the premises of the Restaurant, located at Shop 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong

Unless otherwise specifically provided, the following exchange rate is used throughout this Circular:

S\$1.00 : HK\$5.8096

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act. The term “**related companies**” shall have the meaning ascribed to it in Section 6 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Where any word or expression is defined in this Circular, such definition shall extend to the grammatical variations and cognate expressions of such word or expression.

Any discrepancies in the tables in this Circular between the listed amounts and the aggregate amounts thereof are due to rounding.

FOOD JUNCTION HOLDINGS LIMITED

(Company Reg. No. 200003470N)
(Incorporated in the Republic of Singapore)

Directors

Mr Christopher James Williams (Chairman)
Mr David Lim Chiew Poh (Managing Director and Chief Executive Officer)
Mr John Chang Tong Wah (Executive Director and Chief Financial Officer)
Dr Ronnie Tan Kay Poo (Non-Executive Director)
Mr Tan Kok Hiang (Independent Director)
Mr Lee Joo Hai (Independent Director)
Mr Teo Kiang Kok (Independent Director)

Registered Office

50 Raffles Place
#32-01 Singapore Land
Tower
Singapore 048623

13 October 2010

To: The Shareholders of Food Junction Holdings Limited

Dear Sir/Madam

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ALL AROUND LIMITED

1. INTRODUCTION

1.1 Agreement

On 15 September 2010, the Directors announced that FJI, a wholly-owned subsidiary of the Company had, on the same day, entered into the Agreement with Tamsett pursuant to which FJI has agreed to acquire from Tamsett the Sale Share representing the entire issued share capital of All Around, at the Sale Price. All Around holds 90% of the issued share capital of LCR Catering which owns and operates the Restaurant.

Further details on the Proposed Acquisition and on Tamsett and the All Around Group are set out in **paragraphs 2** and **4** of this Circular respectively.

1.2 Proposed Acquisition as an Interested Person Transaction

LCRL is a Controlling Shareholder of the Company as it is deemed to be interested in 57.81% of the issued shares in the capital of the Company as at the Latest Practicable Date. As Tamsett is a wholly-owned subsidiary of LCRL, it is an Associate of LCRL and is therefore regarded as an Interested Person under Chapter 9 of the Listing Manual.

Accordingly, the Proposed Acquisition constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual.

Save in respect of certain exempted transactions stipulated therein, Chapter 9 of the Listing Manual provides that an immediate announcement and subsequent approval from independent shareholders of a listed company is required for any Interested Person Transaction if the value of that transaction exceeds :-

- (a) 5% of the listed group's latest audited consolidated NTA; or
- (b) 5% of the listed group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

As the Sale Price represents approximately 21.9% of the latest NTA of the Group as at 31 December 2009, and exceeds 5% of the Group's latest audited NTA of S\$24.2 million (based on the Group's financial results for FY2009), the approval of the Independent Shareholders is required for the Proposed Acquisition pursuant to Rule 906(1)(a) of the Listing Manual.

1.3 Independent Financial Adviser

Pursuant to Chapter 9 of the Listing Manual, PrimePartners has been appointed as the independent financial adviser to advise the Directors as to whether the Proposed Acquisition is on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders. PrimePartners' letter of advice to the Directors is set out in **Appendix 1** to this Circular.

1.4 Circular

The Company is convening the EGM, notice of which is set out in **Appendix 4** to this Circular, in order to seek the approval of Independent Shareholders for the Proposed Acquisition. The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Acquisition.

1.5 Other Interested Person Transactions

Save for the Proposed Acquisition, the Company has not in the present financial year, entered into any other transactions (excluding transactions less than S\$100,000) with any Interested Persons.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 **Sale and Purchase of Sale Share.** Under the terms of the Agreement, subject to the satisfaction of the Conditions (as defined below), Tamsett shall sell and FJI shall acquire the Sale Share free from all encumbrances and together with all rights attaching to it as at the Completion Date.

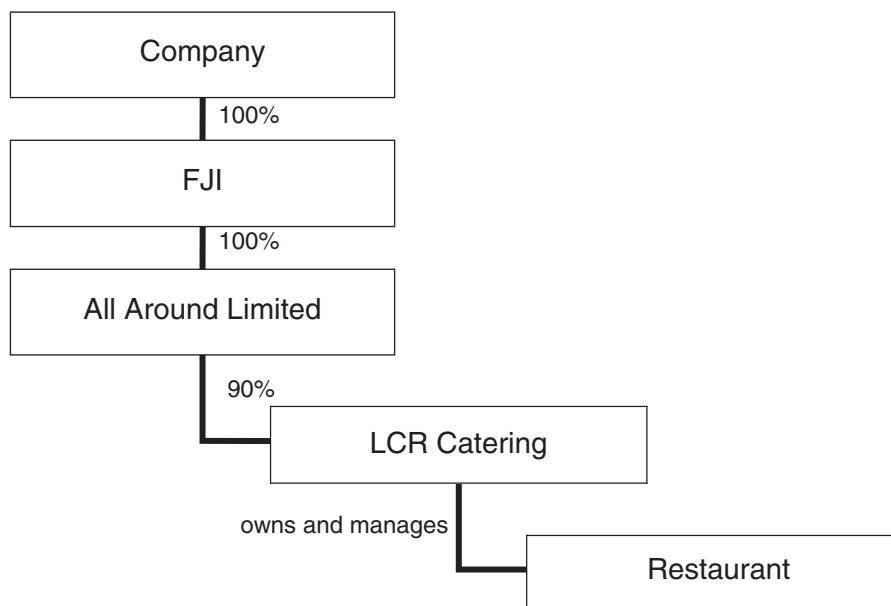
2.2 **Sale Price.** The Sale Price for the Proposed Acquisition has been agreed by the parties to be the sum of HK\$31.0 million. The Sale Price represents a price-to-earnings multiple of 8 times the net profits after tax of LCR Catering attributable to All Around for FY2009 and was arrived at on a willing seller-willing buyer basis, taking into account, *inter alia*, the following factors:-

- (a) the consolidated net profit after tax of the All Around Group of approximately HK\$4.16 million for FY2009;
- (b) the consolidated net profit after tax of the All Around Group of approximately HK\$2.02 million for HY2010; and
- (c) the projected revenue to be generated from the existing business of the All Around Group.

Pursuant to the Agreement, the Sale Price is to be satisfied in cash and paid by FJI to Tamsett or to such other party as Tamsett may direct in writing on Completion. The Sale Price will be funded in cash through the internal resources of the Company.

The Sale Price is within the valuation range of the independent desktop valuation conducted by PwC. A copy of the letter summarising such valuation by PwC is reproduced in **Appendix 2** to this Circular. The value analysis is intended for the Company and the Directors for their internal reference only and does not represent PwC's opinion on the commercial merits of the Proposed Acquisition. Accordingly, the analysis may not be used or relied upon in any other connection by, and are not intended to confer any benefit on, any other person.

2.3 **Corporate Structure.** Upon Completion, the All Around Group will become a subsidiary of the Company. The following chart illustrates the corporate structure of the Group in relation to the All Around Group, immediately following Completion of the Proposed Acquisition :-



2.4 **Conditions Precedent.** Completion of the sale and purchase of the Sale Share is conditional upon certain conditions (“**Conditions**”) having been fulfilled (or where applicable waived), including, *inter alia*, the following conditions :-

- (a) the total net assets of LCR Catering not being less than HK\$9.5 million on Completion;
- (b) all licence, registration, filing, approval, authorisation, permission, waiver, order or exemption (“**Consents**”) which are necessary or required to be obtained under applicable laws and regulations or required by any relevant government or regulatory authorities or other relevant third parties in respect of transactions contemplated by the Agreement having been obtained and not withdrawn or revoked and if the Consents are granted subject to any conditions, such conditions be acceptable to both FJI and Tamsett;
- (c) the approval of the Agreement and the transactions contemplated therein from the Shareholders or Independent Shareholders (as the case may be) and/or from the SGX-ST (if required);
- (d) the approval of the Agreement and the transactions contemplated therein from the independent shareholders of the holding companies of Tamsett (if required);
- (e) the transactions contemplated therein not having any adverse effect on any licences and/or permits held by the All Around Group;
- (f) completion of all legal, financial and tax due diligence review by FJI on the All Around Group, and the results thereof being satisfactory to FJI in its sole and absolute discretion;
- (g) the Tenancy Agreement not having been terminated or rescinded, and the existing terms and conditions of the Tenancy Agreement not having been amended, varied or abrogated;
- (h) All Around not having disposed of any of its interests in LCR Catering between the date of the Agreement and Completion;

- (i) there being no changes, events, acts or omissions having or likely to have a material adverse effect on the business, assets, prospects, performance, financial condition or operating results of the All Around Group between the date of the Agreement and Completion;
- (j) no litigation, arbitration or administrative proceeding of material importance being current, pending or threatened against the All Around Group as at Completion; and
- (k) the warranties as set out in the Agreement (save as Disclosed (as defined therein)) remaining true, accurate and correct in all material respects as at Completion.

Tamsett shall also provide to FJI prior to Completion a disclosure letter, setting out the exceptions to the warranties as set out in the Agreement ("**Disclosure Letter**") prior to the Completion Date and the obligations of FJI to complete the purchase of the Sale Shares shall be conditional on the matters disclosed in the Disclosure Letter not having a material adverse effect on the business, assets, prospects, performance, financial condition or operating results of the Group, as reasonably determined by FJI.

If the Conditions have not been fulfilled or, where applicable, waived in part or in whole in accordance with the terms of the Agreement, on or before 29 October 2010 (or such other later date as Tamsett and FJI may agree in writing) (being, the "**Long Stop Date**"), the Agreement shall become null and void *ab initio* and none of the parties shall have any claim against the other for costs, damages, or compensation or any rights against the other party save for antecedent breaches.

2.5 **Undertakings.** Under the Agreement, Tamsett has undertaken to FJI that the business of the All Around Group will be operated in a normal and prudent basis and in the ordinary course of business operations and will also ensure that, *inter alia*, prior to Completion, without the written consent of FJI :-

- (a) All Around will not dispose of any of its interests in the shares of LCR Catering;
- (b) the All Around Group shall consult fully with FJI in relation to any matters which may have a material adverse change upon its financial condition and business operations;
- (c) the All Around Group shall not do, allow or procure any act or omission that would constitute a breach of any warranty set out in the Agreement; and
- (d) the All Around Group shall carry on its business in the ordinary and usual course and shall not make (or agree to make) any payment other than routine payments in the ordinary and usual course of business and no dividend or other distribution shall be declared, paid or made by the All Around Group save that (i) LCR Catering shall be entitled to pay a dividend of up to HK\$10 million prior to Completion and (ii) in the event that Completion does not occur prior to 29 October 2010 by reason of any act or omission on the part of FJI and both parties to the Agreement agree to extend the Long Stop Date to a date later than 29 October 2010, LCR Catering shall (with prior notice to the FJI) be further entitled to declare and pay additional dividends to its shareholders including, *inter alia*, All Around. The relevant proportionate portion of dividends to be paid to All Around pursuant thereto shall be distributed by All Around to Tamsett provided always that the total net assets of LCR Catering (after taking into account the payment of such additional dividends) should not be less than HK\$9.5 million on Completion.

The dividends referred to in **sub-paragraphs 2.5 (d)(i) and (ii)** shall be distributed to the shareholders of LCR Catering, including, *inter alia*, All Around and All Around shall in turn (aa) firstly apply the relevant dividends to repay the outstanding debt due and owing from All Around to Tamsett and (bb) distribute the remaining balance of the dividends to Tamsett prior to Completion.

In the event that All Around pays any additional dividends pursuant to **sub-paragraphs 2.5 (d)(ii)** above and the total net assets of LCR Catering on Completion is less than HK\$9.5 million, FJI shall be entitled to reduce the Sale Price by the shortfall of the agreed total net assets of LCR Catering of HK\$9.5 million and proceed with Completion.

2.6 Tenancy Agreement

It should be noted that on 25 March 2010, LCR Catering entered into the Tenancy Agreement with West Holding Limited (“**West Tower**”), a subsidiary of LCRL, in relation to the lease of the premises at which the Restaurant is located, i.e. Shop 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong, for a period of three years. The lease had commenced on 1 April 2010 and is due to expire on 31 March 2013. Under the Tenancy Agreement, a rental fee of HK\$317,000 per month will be payable by LCR Catering to West Tower. In accordance with the terms of the Tenancy Agreement, LCR Catering has also paid a deposit of HK\$753,340 to West Tower, to secure, *inter alia*, the due payment of rent and other moneys payable by LCR Catering under the Tenancy Agreement.

As West Tower is a subsidiary of LCRL, the Tenancy Agreement between West Tower Holding Limited and LCR Catering following Completion of the Proposed Acquisition would constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The terms of the Tenancy Agreement are supported by independent valuation by CBRE(HK), which was of the opinion that the rental value and the terms of the Tenancy Agreement are within the reasonable ranges of the prevailing market levels as at the effective date of the Tenancy Agreement, i.e. 1 April 2010. A copy of the valuation report by CBRE(HK) is reproduced in **Appendix 3** to this Circular.

LCR will continue to lease the premises on the terms of the Tenancy Agreement after Completion. As the lease is for a period not exceeding three (3) years and the terms of the lease are supported by the independent valuation conducted by CBRE(HK), it should be noted that pursuant to Rule 916(1) of the Listing Manual, Shareholders’ approval is not required for the Tenancy Agreement or the lease thereunder.

3. RATIONALE FOR AND BENEFIT OF THE PROPOSED ACQUISITION

The Group is in the food and beverage industry with its core businesses being the operation and management of food courts and the sale of food and beverages. In addition, the Group has also moved into the F&B concept and restaurant business with “TETSU”, a high-end Japanese restaurant in Singapore as well as “MALONE’S”, an American-style restaurant-cum-pub in Shanghai.

The Lippo Chiuchow Restaurant commenced operations in March 2007 and its premises occupy approximately 8,000 sq. ft. at the ground level of Lippo Centre in Admiralty, a financial and shopping district in Hong Kong. A wide selection of conventional Chiuchow and Cantonese cuisine with a contemporary edge is available and served at the Restaurant. Due to its prime retail location, the Lippo Chiuchow Restaurant has gained a regular and loyal patronage since 2007, which comprises primarily of business professionals. The Lippo Chiuchow Restaurant was also awarded the “Quality Tourism Services” certification by the Hong Kong Tourism Board, as recognition of its high standard of product quality and service.

The Proposed Acquisition is therefore in line with the Group’s move into the F&B concept and restaurant business, adding the Lippo Chiuchow Restaurant to the Group’s other F&B outlets. The acquisition of the Lippo Chiuchow Restaurant will also give the Group a foothold to expand its food and beverage business in Hong Kong.

In addition the Lippo Chiuchow Restaurant, of which the Group will hold 90% through All Around, has a healthy income stream with the potential for franchising in the Asia Pacific region.

4. INFORMATION ON TAMSETT AND THE ALL AROUND GROUP

4.1 **Background and Corporate Structure.** Tamsett is a private company incorporated in the British Virgin Islands. As at the Latest Practicable Date, Tamsett holds 100% of the issued share capital of All Around.

All Around is a private company incorporated in the British Virgin Islands on 7 July 2006. It owns:-

- (a) the legal and beneficial interest in 8,099,999 shares in the capital of LCR Catering; and
- (b) the beneficial interest in one (1) share (the legal title of which is held by Hong Kong China (Nominees) Limited on trust for All Around),

which collectively represents 90% of the capital of LCR Catering. The remaining 10% is held by the key personnel of the Restaurant, whose details are set out in **paragraph 4.4** below, in order to align their interests with that of LCR Catering.

LCR Catering was incorporated in Hong Kong on 27 June 2006.

4.2 **Business Overview.** The business of Tamsett and All Around is principally that of investment holding. LCR Catering is primarily engaged in the business of owning, managing and operating the Restaurant in Hong Kong.

4.3 **Financial Highlights.** The consolidated financial statements of the All Around Group for FY2009 and HY2010 are summarised below :-

	FY2009 HK\$'000	HY2010 HK\$'000
Revenue	33,968	17,528
Cost of sales	(9,468)	(4,916)
Gross profit	24,500	12,612
Other operating income	505	260
Selling and distribution expenses	(241)	(95)
General and administrative expenses	(19,714)	(10,297)
Profit from operations	5,050	2,480
Interest income on bank deposits	50	6
Profit before tax	5,100	2,486
Income tax	(940)	(463)
Net profit attributable to shareholders	4,160	2,023

4.4 **Management Team.** The business of LCR Catering is managed by an experienced and dedicated management team, which will not be changed after Completion and whose details are as follows:

<u>Name</u>	<u>Designation</u>
Mr Sunny Tran Tu Cuong	- General Manager
Mr Ng Wing Fung	- Executive Chef
Mr Ng Wing Sing	- Deputy Executive Chef

The management team has been with LCR Catering since the commencement of the operation of the Restaurant. Each member of the management team has over twenty years' of experience in the business of operating and managing Chinese restaurants.

5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

A summary of the pro forma financial effects of the Proposed Acquisition is set out below for illustration purposes only and do not reflect the future financial results or position of the enlarged Group after the completion of the Proposed Acquisition. Shareholders should also note that such pro forma financial effects are not necessarily indicative of results of the operations or related effects on the financial position that could have been attained had the enlarged Group actually existed at an earlier date.

(a) Pro Forma Effect of Proposed Acquisition on NTA per Share

The financial effects of the Proposed Acquisition on the NTA per share of the Group for the most recently completed financial year (being FY2009) is as follows :-

	FY2009	
	Before Acquisition	After Acquisition
NTA	S\$24,193,000	S\$20,042,000
NTA per share	18.66 cents	15.46 cents

The NTA of LCR Catering as at 31 December 2009 was approximately HK\$17.6 million. As mentioned in **paragraph 2.5(d)** above, LCR Catering shall be entitled to pay a dividend of up to HK\$10 million prior to Completion. Assuming LCR Catering distributes HK\$10 million as dividends, the adjusted NTA of LCR Catering as at 31 December 2009 would be approximately HK\$7.6 million.

Following the Proposed Acquisition, the Group would have a 90% equity stake in LCR Catering, and the Group's proportionate share of LCR Catering's NTA would be approximately S\$1.2 million.

The NTA of the Group as at 31 December 2009 was approximately S\$24.2 million. The NTA of the Group at 31 December 2009 if adjusted to take into account (i) the Sale Price of approximately S\$5.3 million (which comprises S\$1.2 million of tangible assets and S\$4.1 million of goodwill) and (ii) the proportionate share of LCR Catering's NTA (i.e. S\$1.2 million), would have been approximately S\$20.0 million and the NTA per share of the Group would have been 15.46 cents.

(b) Effect of Proposed Acquisition on earnings per Share

The financial effects of the Proposed Acquisition on the EPS of the Group for the most recently completed financial year (being FY2009) is as follows:

	FY2009	
	Before Acquisition	After Acquisition
Net profit after tax	S\$4,335,000	S\$4,980,000
EPS	3.34 cents	3.84 cents

LCR Catering's net profit for FY2009 was approximately HK\$4.2 million (or approximately S\$0.7 million). Following the Proposed Acquisition, the Group would have a 90% equity stake in LCR Catering, and the Group's proportionate share of LCR Catering's net profit for FY2009 would be approximately S\$0.6 million.

The net profit of the Group for FY2009 was approximately S\$4.3 million. The net profit of the Group for FY2009 if adjusted to take into account the proportionate share of LCR Catering's net profit (i.e. S\$0.6 million) would have been approximately S\$5 million and the EPS of the Group would have been 3.84 cents.

The pro forma financial effects of the Proposed Acquisition have been prepared based on the following assumptions:

- (i) for the purpose of computing the pro forma financial effects of the Proposed Acquisition on the consolidated NTA of the Company, the Proposed Acquisition is assumed to have taken place on 31 December 2009;
- (ii) for the purpose of computing the pro forma financial effects of the Proposed Acquisition on the consolidated earnings of the Company, the Proposed Acquisition is assumed to have taken place on 1 January 2009; and
- (iii) for the purpose of computing the pro forma financial effects of the Proposed Acquisition, the Sale Price is assumed to be funded in cash through the internal resources of the Group.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.1 Interests of Directors and Substantial Shareholders

Save as disclosed, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Acquisition. For purposes of disclosure, Dr Ronnie Tan Kay Poo is a Non-Executive Director of the Group and is also a Non-Executive Director of Auric Pacific Group Limited, of which LCRL is a substantial shareholder. He also has directorships in various related companies of Auric Pacific Group Limited.

The interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Substantial Shareholders				
Lanius Limited ⁽¹⁾	–	–	74,935,285	57.81
Lippo Capital Limited ⁽²⁾	–	–	74,935,285	57.81
Lippo Cayman Limited ⁽³⁾	–	–	74,935,285	57.81
Lippo Limited ⁽⁴⁾	–	–	74,935,285	57.81
First Tower Corporation ⁽⁵⁾	–	–	74,935,285	57.81
Skyscraper Realty Limited ⁽⁶⁾	–	–	74,935,285	57.81
LCRL ⁽⁷⁾	–	–	74,935,285	57.81
Tamsett ⁽⁸⁾	–	–	74,935,285	57.81
Max Turbo Limited ⁽⁹⁾	–	–	74,935,285	57.81
Dragon Board Holdings Limited ⁽¹⁰⁾	–	–	74,935,285	57.81
Jeremiah Holdings Limited ⁽¹¹⁾	–	–	74,935,285	57.81
Nine Heritage Pte Ltd ⁽¹²⁾	–	–	74,935,285	57.81
Pantogon Holdings Pte Ltd ⁽¹³⁾	–	–	74,935,285	57.81
James T. Riady ⁽¹⁴⁾	–	–	74,935,285	57.81
Stephen T. Riady ⁽¹⁵⁾	–	–	74,935,285	57.81
Auric Pacific Investment Holdings Pte Ltd ⁽¹⁶⁾	–	–	74,935,285	57.81
Auric Pacific Group Limited ⁽¹⁷⁾	–	–	74,935,285	57.81
Goldstream Capital Limited ⁽¹⁸⁾	–	–	74,935,285	57.81

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Bravado International Limited ⁽¹⁹⁾	–	–	74,935,285	57.81
Castello International Limited ⁽²⁰⁾	–	–	74,935,285	57.81
Proventas Investments Limited ⁽²¹⁾	–	–	74,935,285	57.81
Oxley Capital Holdings Limited ⁽²²⁾	–	–	74,935,285	57.81
APG Strategic Investment Pte Ltd ⁽²³⁾	65,474,725	50.51	–	–
Auric Pacific Investment Pte Ltd ⁽²⁴⁾	9,460,560	7.30	–	–

- (1) By virtue of Section 7(4) of the Act, Lanius Limited is deemed to have an interest in the Shares held by Auric Pacific Investment Pte Ltd (“**API**”) and APG Strategic Investment Pte Ltd (“**APG Strategic**”) through Auric Pacific Investment Holdings Pte Ltd (“**AP Holdings**”) and Auric Pacific Group Limited (“**APGL**”).
- (2) By virtue of Section 7 of the Act, Lippo Capital Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (3) By virtue of Section 7 of the Act, Lippo Cayman Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (4) By virtue of Section 7 of the Act, Lippo Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (5) By virtue of Section 7 of the Act, First Tower Corporation is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (6) By virtue of Section 7 of the Act, Skyscraper Realty Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (7) By virtue of Section 7 of the Act, LCRL is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (8) By virtue of Section 7(4) of the Act, Tamsett is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (9) By virtue of Section 7 of the Act, Max Turbo Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (10) By virtue of Section 7 of the Act, Dragon Board Holdings Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (11) By virtue of Section 7 of the Act, Jeremiah Holdings Limited is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL. Jeremiah Holdings Limited has an interest of 22.34% in APGL.
- (12) By virtue of Section 7 of the Act, Nine Heritage Pte Ltd is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL. Nine Heritage Pte Ltd has an interest of 15.92% in APGL and is a 80% owned subsidiary of Jeremiah Holdings Pte Ltd.
- (13) By virtue of Section 7 of the Act, Pantogon Holdings Pte Ltd is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL. Pantogon Holdings Pte Ltd has an interest of 10.41% in APGL. Pantogon Holdings Pte Ltd is a wholly-owned subsidiary of Jeremiah Holdings Pte Ltd.
- (14) By virtue of Section 7 of the Act, Mr James T. Riady is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (15) By virtue of Section 7 of the Act, Mr Stephen T. Riady is deemed to have an interest in the Shares held by API and APG Strategic through AP Holdings and APGL.
- (16) By virtue of Section 7 of the Act, AP Holdings is deemed to have an interest in the Shares held by API and APG Strategic. Both API and APG Strategic are wholly owned subsidiaries of AP Holdings, which is in turn a wholly owned subsidiary of APGL.
- (17) By virtue of Section 7 of the Act, Auric Pacific Group Limited is deemed to have an interest in the Shares held by API and APG Strategic. Both API and APG Strategic are wholly owned subsidiaries of AP Holdings, which is in turn a wholly owned subsidiary of APGL.
- (18) Goldstream Capital Limited (“**Goldstream**”) has an interest of 21.88% in APGL. By virtue of Section 7 of the Act, Goldstream is deemed to have an interest in the Shares held by APG Strategic and API through AP Holdings and APGL.

- (19) Bravado International Limited (“**Bravado**”) has an interest of 70% in Goldstream. By virtue of Section 7 of the Act, Bravado is deemed to have an interest in the Shares held by APG Strategic and API through AP Holdings, APGL and Goldstream.
- (20) Castello International Limited (“**Castello**”) has an interest of 30% in Goldstream. By virtue of Section 7 of the Act, Castello is deemed to have an interest in the Shares held by APG Strategic and API through AP Holdings, APGL and Goldstream.
- (21) Provatas Investments Limited (“**Provatas**”) has an interest of 50% in Castello. Castello has an interest of 30% in Goldstream. Goldstream has an interest of 21.88% in APGL. By virtue of Section 7 of the Act, Provatas is deemed to have an interest in the Shares held by APG Strategic and API through AP Holdings, APGL and Castello.
- (22) By virtue of Section 7 of the Act, Oxley Capital Holdings Limited (“**Oxley**”) is deemed to have an interest in the Company through Provatas. Provatas has a deemed interest of 57.81% in the Company and is a wholly owned subsidiary of Oxley.
- (23) APG Strategic’s interest is registered in the name of CIMB-GK Securities Pte Ltd.
- (24) API is a wholly owned subsidiary of AP Holdings, which is in turn a wholly owned subsidiary of APGL.

7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER TO THE DIRECTORS

- 7.1 **Independent Financial Adviser.** PrimePartners has been appointed as the independent financial adviser to advise the Directors on whether the terms of the Proposed Acquisition are on normal commercial terms and whether it is prejudicial to the interests of the Company and the minority Shareholders. A copy of the letter from PrimePartners to the Directors is set out in **Appendix 1** to this Circular and Shareholders are advised to read such letter carefully.
- 7.2 **Advice.** The advice of PrimePartners to the Directors is set out in their letter to the Directors and has been extracted and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meaning as those defined in the letter. Shareholders should read the following extract in conjunction with, and in the context of the full text of the letter.

“Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, from a financial point of view, we are of the opinion that, on balance, the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.

Nonetheless, as stated in section 3.1(b) of this Letter, we wish to highlight to the Independent Directors that our opinion has been made on the basis that all the conditions precedent save for 2.4(c) as set out in section 2.4 of the Letter to Shareholders in the Circular in respect of the Proposed Acquisition will be fulfilled at Completion. Should there be any waiver or failure to fulfill any of the conditions precedent at Completion, our opinion may vary significantly.”

8. RECOMMENDATION OF THE AUDIT COMMITTEE

The Audit Committee comprises the Directors Messrs Tan Kok Hiang, Lee Joo Hai, Teo Kiang Kok and Christopher James Williams. The Chairman of the Audit Committee is Mr Tan Kok Hiang. The aforementioned Directors do not have any interests in Tamsett or the All Around Group and are accordingly deemed to be independent for the purposes of the Proposed Acquisition.

The Audit Committee, having reviewed and considered, *inter alia*, the terms and conditions of, financial effects of and rationale for and benefit of, the Proposed Acquisition as well as the letter from PrimePartners to the Directors in respect of the Proposed Acquisition and after discussions with the management of the Company, is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the Audit Committee recommends that Shareholders vote in favour of the Ordinary Resolution to be proposed at the EGM, notice of which is set out in **Appendix 4** to this Circular.

9. DIRECTORS' RECOMMENDATION

Dr Ronnie Tan Kay Poo was nominated to sit on the Board by Auric Pacific Group Limited. Shareholders should note that as Dr Ronnie Tan Kay Poo is a Non-Executive Director of Auric Pacific Group Limited, of which LCRL holds an indirect stake of 49.28%, Dr Ronnie Tan has abstained from making a recommendation to the Shareholders in respect of the Proposed Acquisition.

Having considered the terms and conditions of the Proposed Acquisition, the Directors (save for Dr Ronnie Tan Kay Poo) are of the opinion that the Proposed Acquisition is in the interests of the Company and Shareholders. Accordingly, the Directors (save for Dr Ronnie Tan Kay Poo) recommend that Shareholders vote in favour of the Ordinary Resolution (set out in the notice of the EGM in **Appendix 4** to this Circular) to be proposed at the EGM to be held on 28 October 2010.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in **Appendix 4** to this Circular will be held at Mandarin Suite, 5th Floor, Main Tower, Mandarin Orchard Singapore (formerly known as Meritus Mandarin Singapore), 333 Orchard Road, Singapore 238867 on 28 October 2010 at 10.00 a.m. for the purposes of considering and, if thought fit, passing with or without any modification, the Ordinary Resolution set out in the notice.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

11.1 **Proxies.** Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time set for the EGM. The completion and lodgment of the Proxy Form by a Shareholder does not preclude him from attending and voting at the EGM in person if he so wishes. In such event, the relevant proxy form shall be deemed to be revoked.

11.2 **Depositors.** A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

12. ABSTENTION FROM VOTING

In accordance with Rule 921(7) of the Listing Manual, an Interested Person shall abstain and ensure that its Associates will abstain, from voting on the resolutions approving Interested Person Transactions involving themselves and their Associates. Furthermore, such Interested Persons and their Associates shall not act as proxies in relation to such resolutions unless voting instructions have been given by the Shareholder.

LCRL is a Controlling Shareholder of the Company and is thus an Interested Person under Chapter 9 of the Listing Manual. Accordingly, LCRL will abstain and has undertaken to ensure that its Associates (namely, APG Strategic Investment Pte Ltd and Auric Pacific Investment Pte Ltd) will abstain, from voting on the Ordinary Resolution at the EGM. The Company will not accept nominations for LCRL or their Associates to act as proxy, unless that Shareholder appointing them indicates clearly how his votes are to be cast in respect of such resolution.

13. CONSENTS

PrimePartners has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Circular.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects and there are no material facts the omission of which would make any statement in this Circular misleading in any material respect. In respect of the letter from PrimePartners to the Directors, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate in all material respects.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, during normal office hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Agreement; and
- (c) the letter of consent referred to in **paragraph 13** above.

Yours faithfully

For and on behalf of the Board

FOOD JUNCTION HOLDINGS LIMITED

David Lim Chiew Poh

Managing Director and Chief Executive Officer

**LETTER OF ADVICE FROM PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
TO THE INDEPENDENT DIRECTORS**



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 200207389D)
(Incorporated in the Republic of Singapore)

20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

13 October 2010

To: The Independent Directors of
Food Junction Holdings Limited

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RESPECT OF THE PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN ALL AROUND LIMITED BY FOOD JUNCTON INTERNATIONAL PTE LTD, A WHOLLY OWNED SUBSIDIARY OF FOOD JUNCTION HOLDINGS LIMITED FROM TAMSETT HOLDINGS LIMITED FOR AN AGGREGATE CONSIDERATION OF HK\$31,000,000

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 13 October 2010 issued by the Company to the Shareholders (the “Circular”) shall have the same meaning herein.

1. INTRODUCTION

The Company announced that its wholly-owned subsidiary, Food Junction International Pte Ltd (“FJI”) has on 15 September 2010 entered into a sale and purchase agreement (the “SPA”) with Tamsett Holdings Limited (“Tamsett”) to acquire one (1) share (“Sale Share”) representing the entire issued share capital of All Around Limited (“All Around”) for an aggregate consideration of HK\$31.0 million (“Purchase Consideration”) (“Proposed Acquisition”).

All Around holds 90.0% equity interest in LCR Catering Services Limited (“LCR Catering”) which owns and operates a restaurant, namely “Lippo Chiuchow Restaurant (力宝轩)” (“Restaurant”), in Hong Kong (collectively known as “All Around Group”).

As at the Latest Practicable Date, Lippo China Resources Limited (“LCRL”) is a controlling shareholder of the Company as it is deemed to be interested in 57.8% of the issued shares in the capital of the Company. As Tamsett is the wholly-owned subsidiary of LCRL, it is the Associate of LCRL and therefore regarded as an Interested Person under Chapter 9 of the Listing Manual. Accordingly, the Proposed Acquisition constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual. As the Purchase Consideration of HK\$31.0 million (or approximately S\$5.3 million¹) represents approximately 21.9% which exceeds 5.0% of the latest NTA of the Group as at FY2009 of approximately S\$24.2 million, the Proposed Acquisition is subject to the approval of the independent shareholders of the Company pursuant to Rule 906(1)(a) of the Listing Manual.

¹ The exchange rate of S\$1:HK\$5.8096 is used throughout this Letter

PrimePartners Corporate Finance Pte. Ltd. (“PPCF”) has in accordance with Chapter 9 of the Listing Manual been appointed as the independent financial adviser to the Directors who are independent for the purposes of making recommendation to the Shareholders of the Company in relation to the Proposed Acquisition (“**Independent Directors**”) to provide an opinion, from a financial point of view, on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders (“**Independent Shareholders**”). This letter (“**Letter**”) forms part of the Circular.

2. TERMS OF REFERENCE

The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Listing Manual, from a financial point of view, on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA. We do not, by this Letter, warrant the merits of the Proposed Acquisition other than to form an opinion for the purposes of Chapter 9 of the Listing Manual.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made by the Directors of the Company and the Company’s solicitors and made reference to the independent valuation reports issued by the independent valuers. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness and adequacy of such information, representation and assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Acquisition and the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Acquisition and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company, the Group and the All Around Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group and the All Around Group in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, investments) of the Company, the Group and the All Around Group and, have made reference to the information provided to us. With respect to such valuation reports, we are not experts in the evaluation or appraisal of the assets concerned and we have made reference to these summary valuation reports for such assets appraisal and have not made any independent verification of the contents thereof.

Our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 6 October 2010 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Acquisition which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than our Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than our Letter set out in the Circular).

This Letter sets out, *inter alia*, our opinion, from a financial point of view, on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders, should be considered in the context of the entirety of this Letter and the Circular.

3. THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are also set out in section 2 of the Letter to Shareholders in the Circular. Shareholders are advised to read the information carefully.

3.1 Terms of the SPA

(a) Purchase Consideration

The following has been extracted from the Letter to Shareholders in the Circular and is set out in italics below. Shareholders are advised to read the extract below carefully:

*“2.2 **Sale Price.** The Sale Price for the Proposed Acquisition has been agreed by the parties to be the sum of HK\$31.0 million. The Sale Price represents a price-to-earnings multiple of 8 times the net profits after tax of LCR Catering attributable to All Around for FY2009 and was arrived at on a willing seller-willing buyer basis, taking into account, *inter alia*, the following factors:-*

- (a) the consolidated net profit after tax of the All Around Group of approximately HK\$4.16 million for FY2009;*
- (b) the consolidated net profit after tax of the All Around Group of approximately HK\$2.02 million for HY2010; and*
- (c) the projected revenue to be generated from the existing business of the All Around Group.*

Pursuant to the Agreement, the Sale Price is to be satisfied in cash and paid by FJI to Tamsett or to such other party as Tamsett may direct in writing on Completion. The Sale Price will be funded in cash through the internal resources of the Company.

*The Sale Price is within the valuation range of the independent desktop valuation conducted by PwC. A copy of the letter summarising such valuation by PwC is reproduced in **Appendix 2** to this Circular. The value analysis is intended for the Company and the Directors for their internal reference only and does not represent PwC's opinion on the commercial merits of the Proposed Acquisition. Accordingly, the analysis may not be used or relied upon in any other connection by, and are not intended to confer any benefit on, any other person.”*

(b) **Conditions Precedent**

The following has been extracted from the Letter to Shareholders in the Circular and is set out in italics below. Shareholders are advised to read the extract below carefully:

*“2.4 **Conditions Precedent.** Completion of the sale and purchase of the Sale Share is conditional upon certain conditions (“**Conditions**”) having been fulfilled (or where applicable waived), including, inter alia, the following conditions :-*

- (a) the total net assets of LCR Catering not being less than HK\$9.5 million on Completion;*
- (b) all licence, registration, filing, approval, authorisation, permission, waiver, order or exemption (“**Consents**”) which are necessary or required to be obtained under applicable laws and regulations or required by any relevant government or regulatory authorities or other relevant third parties in respect of transactions contemplated by the Agreement having been obtained and not withdrawn or revoked and if the Consents are granted subject to any conditions, such conditions be acceptable to both FJI and Tamsett;*
- (c) the approval of the Agreement and the transactions contemplated therein from the Shareholders or Independent Shareholders (as the case may be) and/or from the SGX-ST (if required);*
- (d) the approval of the Agreement and the transactions contemplated therein from the independent shareholders of the holding companies of Tamsett (if required);*
- (e) the transactions contemplated therein not having any adverse effect on any licences and/or permits held by the All Around Group;*
- (f) completion of all legal, financial and tax due diligence review by FJI on the All Around Group, and the results thereof being satisfactory to FJI in its sole and absolute discretion;*
- (g) the Tenancy Agreement not having been terminated or rescinded, and the existing terms and conditions of the Tenancy Agreement not having been amended, varied or abrogated;*
- (h) All Around not having disposed of any of its interests in LCR Catering between the date of the Agreement and Completion;*
- (i) there being no changes, events, acts or omissions having or likely to have a material adverse effect on the business, assets, prospects, performance, financial condition or operating results of the All Around Group between the date of the Agreement and Completion;*
- (j) no litigation, arbitration or administrative proceeding of material importance being current, pending or threatened against the All Around Group as at Completion; and*
- (k) the warranties as set out in the Agreement (save as Disclosed (as defined therein)) remaining true, accurate and correct in all material respects as at Completion.*

*Tamsett shall also provide to FJI prior to Completion a disclosure letter, setting out the exceptions to the warranties as set out in the Agreement (“**Disclosure Letter**”) prior to the Completion Date and the obligations of FJI to complete the purchase of the Sale Shares shall be conditional on the matters disclosed in the Disclosure Letter not having a material adverse effect on the business, assets, prospects, performance, financial condition or operating results of the Group, as reasonably determined by FJI.*

*If the Conditions have not been fulfilled or, where applicable, waived in part or in whole in accordance with the terms of the Agreement, on or before 29 October 2010 (or such other later date as Tamsett and FJI may agree in writing) (being, the “**Long Stop Date**”), the Agreement shall become null and void ab initio and none of the parties shall have any claim against the other for costs, damages, or compensation or any rights against the other party save for antecedent breaches.”*

The Directors confirmed that, as at the Latest Practicable Date, they are not aware that, through the representations of Tamsett or the due diligence review conducted by the Company in respect of the Proposed Acquisition, any of the warranties is breached, not complied with or otherwise untrue, incorrect or misleading in any material respect such that the condition set out in section 2.4(k) of the Letter to Shareholders in the Circular will not be satisfied.

In addition, the Directors further confirmed that, as at the Latest Practicable Date, they have no reasons to doubt that any of the conditions precedent in respect of the Proposed Acquisition will not be fulfilled, save for the condition set out in section 2.4(c) of the Letter to Shareholders in the Circular in relation to approvals from SGX-ST and the Independent Shareholders at the EGM. The purpose of the Circular is to provide Independent Shareholders with information on, and to seek Independent Shareholders’ approval for the Proposed Acquisition at the forthcoming EGM, in order to fulfill the condition set out in section 2.4(c) of the Letter to Shareholders in the Circular.

We wish to highlight to the Independent Directors that our evaluation and opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders, have been made on the basis that all the conditions precedent save for 2.4(c) as set out in section 2.4 of the Letter to Shareholders in the Circular in respect of the Proposed Acquisition will be fulfilled at Completion. Should there be any waiver or failure to fulfill any of the conditions precedent at Completion, our opinion may vary significantly.

3.2 Tenancy Agreement

The following has been extracted from the Letter to Shareholders in the Circular and is set out in italics below.

“2.6 Tenancy Agreement

*It should be noted that on 25 March 2010, LCR Catering entered into the Tenancy Agreement with West Holding Limited (“**West Tower**”), a subsidiary of LCRL, in relation to the lease of the premises at which the Restaurant is located, i.e. Shop 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong, for a period of three years. The lease had commenced on 1 April 2010 and is due to expire on 31 March 2013. Under the Tenancy Agreement, a rental fee of HK\$317,000 per month will be payable by LCR Catering to West Tower. In accordance with the terms of the Tenancy Agreement, LCR Catering has also paid a deposit of HK\$753,340 to West Tower, to secure, inter alia, the due payment of rent and other moneys payable by LCR Catering under the Tenancy Agreement.*

As West Tower is a subsidiary of LCRL, the Tenancy Agreement between West Tower Holding Limited and LCR Catering following Completion of the Proposed Acquisition would constitute an Interested Person Transaction under Chapter 9 of the Listing Manual. The terms of the Tenancy Agreement are supported by independent valuation by CBRE(HK),

which was of the opinion that the rental value and the terms of the Tenancy Agreement are within the reasonable ranges of the prevailing market levels as at the effective date of the Tenancy Agreement, i.e. 1 April 2010. A copy of the valuation report by CBRE(HK) is reproduced in **Appendix 3** to this Circular.

LCR will continue to lease the premises on the terms of the Tenancy Agreement after Completion. As the lease is for a period not exceeding three (3) years and the terms of the lease are supported by the independent valuation conducted by CBRE(HK), it should be noted that pursuant to Rule 916(1) of the Listing Manual, Shareholders' approval is not required for the Tenancy Agreement or the lease thereunder."

4. EVALUATION OF THE PROPOSED ACQUISITION

In arriving at our opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders, we have given due consideration to, *inter alia*, the following:

- (a) Rationale and benefits of the Proposed Acquisition;
- (b) Financial performance of LCR Catering;
- (c) Comparison of ratios of selected listed companies with LCR Catering;
- (d) Valuation report prepared by independent valuer; and
- (e) Financial effects of the Proposed Acquisition.

4.1 Rationale and Benefits of the Proposed Acquisition

The rationale and benefits of the Proposed Acquisition which have been set out in section 3 of the Letter to Shareholders in the Circular are set out below.

- (a) The Proposed Acquisition is in line with the Group's strategy to move into food and beverage concept and restaurant business;
- (b) The Proposed Acquisition will give the Group a foothold to expand its food and beverage business in Hong Kong, where it currently does not have any operations;
- (c) The Restaurant has a healthy income stream, with the potential for franchising in the Asia Pacific Region;
- (d) The Restaurant is located at the prime retail location in Hong Kong and has gained a regular and loyal patronage since its business commenced in 2007, which comprises primarily business professionals; and
- (e) The Restaurant was also awarded the "Quality Tourism Services" certification by the Hong Kong Tourism Board, as recognition of its high standard of product quality and service.

4.2 Financial Performance of LCR Catering

We understand from the Company that All Around is a single investment holding company with the 90.0% equity interest in LCR Catering as its sole asset and the expenses incurred by All Around have been insignificant and incurred for administrative purposes. In that respect, the consolidated financial statements of All Around Group are mainly represented by the financial statements of LCR Catering. As it is not a statutory requirement for All Around to have its financial statements audited, the financial statements of All Around have not been audited and consequently, we have relied on the audited financial information of LCR Catering for our evaluation of the Proposed Acquisition.

Since LCR Catering commenced the operations of the Restaurant in March 2007, its operations have been profitable. The following table summarises the audited financial information of LCR Catering for the financial year ended 31 December (“FY”) 2007, 2008 and 2009, and the unaudited management accounts of LCR Catering for the first six months of 2010 (“1H2010”).

	FY2007 <i>(Audited)</i> <i>(HK\$' million)</i>	FY2008 <i>(Audited)</i> <i>(HK\$' million)</i>	FY2009 <i>(Audited)</i> <i>(HK\$' million)</i>	CAGR ⁽¹⁾ <i>(%)</i>	1H2010 <i>(Unaudited)</i> <i>(HK\$' million)</i>
Income Statement Items					
Revenue	24.3	35.0	34.0	11.8	17.5
Net profit before tax (“NPBT”)	1.1	4.4	5.1	66.7	2.5
Net profit after tax (“NPAT”)	1.0	3.6	4.2	61.3	2.0
Balance Sheet Items					
Non-current assets	3.2	2.4	1.6		1.3
Current assets	10.7	15.2	19.7		22.3
Total assets	13.9	17.6	21.3		23.6
Current liabilities	4.0	4.1	3.7		3.9
Total liabilities	4.0	4.1	3.7		3.9
Issued capital	9.0	9.0	9.0		9.0
Retained earnings (“RE”)	0.9	4.5	8.6		10.7
Shareholders’ equity ⁽²⁾	9.9	13.5	17.6		19.7
Working capital	6.7	11.1	16.0		18.4
Cash Flow Items					
Net cash generated from/ (used in)					
- operating activities	4.7	3.1	5.7		
- investing activities	(3.7)	0.1	— ⁽³⁾		
- financing activities	4.3	—	—		
Net cash inflow for the year	5.3	3.2	5.7		
Cash and cash equivalents	8.4	11.6	17.3		19.1

Source: Audited financial statements and unaudited management accounts of LCR Catering

Notes:

- (1) CAGR refers to Compounded Annual Growth Rate for the period from FY2007 to FY2009.
- (2) The shareholders’ equity of LCR Catering is equivalent to its net tangible assets (“NTA”) as it does not have any intangible assets.
- (3) Less than HK\$0.1 million.

Based on the historical financial information of LCR Catering provided by the Company, we observe that:

- (a) Revenue increased from HK\$24.3 million in FY2007 to HK\$34.0 million in FY2009, representing a CAGR of 11.8%. Revenue for 1H2010 of HK\$17.5 million represents 51.5% of the revenue of FY2009.
- (b) NPBT increased from HK\$1.1 million in FY2007 to HK\$5.1 million in FY2009, representing a CAGR of 66.7%. NPBT for 1H2010 of HK\$2.5 million represents 49.0% of the NPBT of FY2009.

- (c) NPAT increased from HK\$1.0 million in FY2007 to HK\$4.2 million in FY2009, representing a CAGR of 61.3%. NPAT for 1H2010 of HK\$2.0 million represents 47.6% of the NPAT of FY2009.
- (d) Cash and cash equivalents increased from HK\$8.4 million in FY2007 to HK\$17.3 million in FY2009. Cash and cash equivalents as of 1H2010 was HK\$19.1 million.
- (e) NTA increased from HK\$9.9 million in FY2007 to HK\$17.6 million in FY2009. NTA as of 1H2010 was HK\$19.7 million.
- (f) RE increased from HK\$0.9 million in FY2007 to HK\$8.6 million in FY2009. RE as of 1H2010 was HK\$10.7 million.
- (g) Net cash generated from operating activities increased from HK\$4.7 million in FY2007 to HK\$5.7 million in FY2009.
- (h) Net cash inflow for the year increased from HK\$5.3 million in FY2007 to HK\$5.7 million in FY2009.

With regards to the financial position of LCR Catering as at 1H2010, we note that LCR Catering does not have any interest bearing liabilities or debts, and that the operations and capital expenditures of LCR Catering have been funded entirely by shareholders' equity and internally generated cash resources.

The following has been extracted from the Letter to Shareholders in the Circular. Shareholders are advised to read the extract below carefully:

"2.5(d) the All Around Group shall carry on its business in the ordinary and usual course and shall not make (or agree to make) any payment other than routine payments in the ordinary and usual course of business and no dividend or other distribution shall be declared, paid or made by the All Around Group save that (i) LCR Catering shall be entitled to pay a dividend of up to HK\$10 million prior to Completion and (ii) in the event that Completion does not occur prior to 29 October 2010 by reason of any act or omission on the part of FJI and both parties to the Agreement agree to extend the Long Stop Date to a date later than 29 October 2010, LCR Catering shall (with prior notice to the FJI) be further entitled to declare and pay additional dividends to its shareholders including, inter alia, All Around. The relevant proportionate portion of dividends to be paid to All Around pursuant thereto shall be distributed by All Around to Tamsett provided always that the total net assets of LCR Catering (after taking into account the payment of such additional dividends) should not be less than HK\$9.5 million on Completion."

With reference to the above, we wish to highlight that LCR Catering is entitled to distribute dividends of up to HK\$10.0 million ("Dividend") to its shareholders prior to Completion. In the event that HK\$10.0 million is fully distributed prior to Completion, based on the financial position of LCR Catering as at 1H2010, its NTA would decrease from HK\$19.7 million to HK\$9.7 million ("Adjusted NTA"), its cash and cash equivalents would decrease from HK\$19.1 million to HK\$9.1 million, and its working capital would decrease from HK\$18.4 million to HK\$8.4 million. The Directors confirmed that the Dividend distribution will not affect LCR Catering's financial position, its working capital sufficiency and its ability to operate on a going concern basis.

The Directors further confirmed that based on the representations from Tamsett and the due diligence review conducted by the Company in respect of the Proposed Acquisition, as at the Latest Practicable Date, All Around and LCR Catering do not have any contingent liabilities and capital commitments, and there are no adverse material changes in their financial performances and positions.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes only and is not meant to be an indication of, or comment on All Around's and LCR Catering's future profitabilities, growth prospects, financial positions and working capital sufficiency.

In addition, as stated in section 4.4 of the Letter to Shareholders in the Circular, the business of LCR Catering is managed by an experienced and dedicated team comprising Mr Sunny Tran Tu Cuong (General Manager), Mr Ng Wing Fung (Executive Chef) and Mr Ng Wing Sing (Deputy Executive Chef) (collectively known as "**LCR Management**"). LCR Management holds the remaining 10.0% equity interest of LCR Catering and has been with LCR Catering since the commencement of operations of the Restaurant. The Directors confirmed that LCR Management will continue to manage and operate the Restaurant based on their existing employment contracts with LCR Catering following Completion.

4.3 Comparison of ratios of selected listed companies with LCR Catering

For the purpose of our evaluation of the Proposed Acquisition, we have compared the various valuation ratios of LCR Catering implied by the Purchase Consideration with those selected public listed companies on the SGX-ST and the Hong Kong Stock Exchange ("**HKSE**") which are engaged in, *inter alia*, the operation of restaurants which are broadly comparable to LCR Catering ("**Comparable Companies**").

We recognise that there is no company listed on the SGX-ST and HKSE which we may consider to be identical to LCR Catering in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria.

The Independent Directors should note that LCR Catering comprises of a single restaurant business and most of the identified Comparable Companies own and operate multiple restaurants, and other food and beverage related businesses. Therefore, the comparison made with respect to the Comparable Companies merely serves as an illustrative market valuation of LCR Catering as at the Latest Practicable Date.

In addition, Independent Directors should note that companies listed on different stock exchanges may be subject to different risk-reward expectations, trading conditions and any cross border valuation statistics will be subject to differing political, regulatory, market, investment, economic and currency conditions and as such may not be directly comparable to LCR Catering.

A brief description of the Comparable Companies listed on the SGX-ST (“**Singapore Comparables**”) is set as follows:-

Comparable Company	Business Activity Description	Financial Year Ended
ABR Holdings Ltd (“ ABR Holdings ”)	ABR Holdings manufactures ice cream and operates Swensen’s ice cream parlors and restaurants and other specialty restaurants. ABR Holdings also manufactures and sells confectionery and pastry products, operates pubs, discotheques and restaurants.	31 December 2009
Breadtalk Group Ltd (“ Breadtalk ”)	Breadtalk manufactures and retails a variety of food, bakery and confectionery products. Breadtalk also operates food and drinks sale outlets, eating houses, and restaurants.	31 December 2009
Food Junction Holdings Limited (“ Food Junction ”)	Food Junction operates and manages food courts and sells food and beverages. Food Junction operates its food courts in Singapore and Malaysia under the brand name of Food Junction and FJ Square.	31 December 2009
Japan Foods Holding Limited (“ Japan Foods ”)	Japan Foods operates Japanese restaurants in Singapore, Malaysia and Indonesia. Japan Foods franchises some of its restaurants in Malaysia and Indonesia.	31 March 2010
Sakae Holdings Limited (“ Sakae Holdings ”)	Sakae Holdings owns and operates restaurants, cafes and kiosks. Sakae Holdings also offers food and beverage catering services and franchises its food and beverage brands.	31 December 2009
Select Group Ltd (“ Select ”)	Select is an integrated food catering and management services provider. Select’s divisions include institutional catering, food catering and food retail.	31 December 2009
Soup Restaurant Group Limited (“ Soup Restaurant ”)	Soup Restaurant operates a chain of restaurants in Singapore.	31 December 2009
Thai Village Holdings Limited (“ Thai Village ”)	Thai Village operates a chain of seafood restaurants specialising in Asian delicacies. Thai Village has restaurants located in Singapore, China and Indonesia.	30 September 2009
Tung Lok Restaurants 2000 Limited (“ Tung Lok ”)	Tung Lok owns and operates restaurants in Singapore. Tung Lok also operates a food processing facility to distribute dianxin and dianxin ingredients, festive food items and pastries to its restaurant for sale.	31 March 2010

Source: Bloomberg

A brief description of the Comparable Companies listed on the HKSE (“**Hong Kong Comparables**”) is set as follows:-

Comparable Company	Business Activity Description	Financial Year Ended
Ajisen China Holdings Limited (“ Ajisen ”)	Ajisen operates a chain of casual restaurants that offer Japanese ramen and Japanese-style dishes in Hong Kong and the People’s Republic of China.	31 December 2009
Café De Coral Holdings Limited (“ Café De Coral ”)	Café De Coral, through its subsidiaries, operates quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and food manufacturing business.	31 March 2010
Fairwood Holdings (“ Fairwood ”)	Fairwood, through its subsidiaries, operates a chain of fast food restaurants. Fairwood also invests in properties.	31 March 2010
G-Vision International (Holdings) Limited (“ G-Vision ”)	G-Vision, through its subsidiaries, operates a chain of Chinese restaurants specialising in Chiu Chow cuisine in Hong Kong and China. G-Vision also manufactures and sells environmental friendly paper tableware.	31 March 2010
Little Sheep Group Limited (“ Little Sheep ”)	Little Sheep owns and operates a restaurant chain in the People’s Republic of China and Hong Kong.	31 December 2009
Tack Hsin Holdings (“ Tack Hsin ”)	Tack Hsin, through its subsidiaries, operates restaurant chains. Tack Hsin also invests in real estate.	31 March 2010
Tao Heung Holdings Limited (“ Tao Heung ”)	Tao Heung operates a chain of Chinese restaurants throughout Hong Kong.	31 December 2009

Source: Bloomberg

4.3.1 Valuation Ratios

In our evaluation, we have considered the following widely used valuation measures:-

Valuation Ratio	Description
<p>Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“EV/EBITDA”)</p>	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cashflow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described below) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>
<p>Price-to-Earnings</p>	<p>(“PE”) PE ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>
<p>Price-to-Net Tangible Assets (“P/NTA”)</p>	<p>NTA refers to consolidated net tangible assets, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities.</p> <p>P/NTA refers to the ratio of a company’s share price divided by NTA per share.</p> <p>The P/NTA ratio represents an asset-based relative valuation which takes into consideration the book value or NTA backing of a company.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p>

4.3.2 Comparison with Comparable Companies

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out as follows:-

Comparable Companies	Share Price ⁽¹⁾ (S\$)	Market Capitalisation ⁽¹⁾ (S\$' million)	P/E ⁽²⁾ (times)	P/NTA ⁽³⁾ (times)	EV/ EBITDA ⁽⁴⁾ (times)
Singapore Comparables					
ABR Holdings	0.47	93.8	6.5	1.3	3.7
Breadtalk	0.65	183.2	15.7	3.2	4.4
Food Junction ⁽⁵⁾	0.24	30.5	9.4	1.3	1.4
Japan Foods	0.31	27.3	6.0	2.1	2.5
Sakae Holdings	0.20	28.4	8.7	1.5	4.7
Select	0.12	17.1	40.9	2.5	4.1
Soup Restaurant	0.13	38.8	14.1	2.0	4.2
Thai Village	0.12	23.9	12.3	1.3	2.1
Tung Lok	0.17	23.8	27.7	3.5	3.5
High			40.9	3.5	4.7
Low			6.0	1.3	1.4
Median			12.3	2.0	3.7
Mean			15.7	2.1	3.4
(Excluding Select and Tung Lok)					
High			15.7	3.2	4.7
Low			6.0	1.3	1.4
Median			9.4	1.5	3.7
Mean			10.4	1.8	3.3
Hong Kong Comparables					
Ajisen	2.12	2,272.4	40.0	5.5	21.3
Cafe De Coral	3.80	2,134.9	24.2	4.7	14.3
Fairwood	1.65	207.8	12.9	2.9	6.4
G-Vision	0.07	52.6	NA	1.8	NA
Little Sheep	0.91	933.6	30.3	5.9	16.5
Tack Hsin	0.33	118.8	NA	NA	1.2
Tao Heung	0.52	528.2	14.7	2.8	6.3
High			40.0	5.9	21.3
Low			12.9	1.8	1.2
Median			24.2	3.8	10.4
Mean			24.4	3.9	11.0
LCR Catering ⁽⁶⁾			8.3	2.0	2.9

Source: Bloomberg, annual reports and PPCF calculations

Notes:

- (1) Share prices are the last traded share prices as at the Latest Practicable Date of 6 October 2010.
- (2) P/E ratio is calculated based on the latest audited financial statements as announced on the SGX-ST and HKSE. In respect of LCR Catering, the P/E ratio is based on the LCR Catering's latest audited NPAT of HK\$4.2 million as at FY2009.
- (3) P/NTA ratio is calculated based on the latest audited financial statements as announced on the SGX-ST and HKSE. In respect of LCR Catering, the P/NTA ratio is based on LCR Catering's latest audited NTA of HK\$17.6 million as at FY2009.

- (4) EV/EBITDA ratio is calculated based on the latest audited financial statements as announced on the SGX-ST and HKSE. In respect of LCR Catering, the EV/EBITDA ratio is based on the LCR Catering's EBITDA of HK\$5.9 million as at FY2009. LCR Catering's EV of HK\$17.1 million is calculated based on its value of HK\$34.4 million implied by the Purchase Consideration (refer to footnote no. 6 below) and minus its cash and cash equivalents as at FY2009. (LCR Catering does not hold any debt).
- (5) Food Junction's latest audited financial statement as of FY2009 comprises of 15 months from 1 October 2008 to 31 December 2009 due the change in its financial year end from 30 September to 31 December. The ratios in respect of Food Junction are calculated based on the unaudited financials announced by Food Junction and adjusted accordingly to represent the financial period from 1 January 2009 to 31 December 2009.
- (6) The Purchase Consideration of HK\$31.0 million for 90.0% of the equity interest in LCR Catering values LCR Catering at approximately HK\$34.4 million.

As stated in section 4.2 of this Letter, LCR Catering is entitled to distribute the Dividend to its shareholders prior to Completion. In the event that HK\$10.0 million is fully distributed prior to Completion, based on the financial position of LCR Catering as at 1H2010, its NTA would decrease from HK\$19.7 million to HK\$9.7 million. Based on the Adjusted NTA, the corresponding adjusted P/NTA ratio of LCR Catering implied by the Purchase Consideration will be 3.6 times ("**Adjusted P/NTA ratio**").

We note that the P/E ratios of Select and Tung Lok of 40.9 times and 27.7 times respectively are significantly higher than the other Singapore Comparables. Therefore, we exclude Select and Tung Lok from our comparison analysis. Based on the above, we observe that:

Comparison with Singapore Comparables (excluding Select and Tung Lok)

- (a) The P/E ratio of LCR Catering implied by the Purchase Consideration of 8.3 times is within the range of the P/E ratios of the Singapore Comparables and is below the mean and median P/E ratios of 10.4 times and 9.4 times respectively.
- (b) The P/NTA ratio of LCR Catering implied by the Purchase Consideration of 2.0 times is within the range of the P/NTA ratios of the Singapore Comparables and is above the mean and median P/NTA ratios of 1.8 times and 1.5 times respectively.
- (c) The Adjusted P/NTA ratio of LCR Catering implied by the Purchase Consideration of 3.6 times is above the range of the P/NTA ratios of the Singapore Comparables.
- (d) The EV/EBITDA ratio of LCR Catering implied by the Purchase Consideration of 2.9 times is within the range of the EV/EBITDA ratios of the Singapore Comparables and below the mean and median EV/EBITDA ratios of 3.3 times and 3.7 times respectively.

Comparison with Hong Kong Comparables

- (a) The P/E ratio of LCR Catering implied by the Purchase Consideration of 8.3 times is below the range of the P/E ratios of the Hong Kong Comparables.
- (b) The P/NTA ratio of LCR Catering implied by the Purchase Consideration of 2.0 times is within the range of the P/NTA ratios of the Hong Kong Comparables and is below the mean and median P/NTA ratios of 3.9 times and 3.8 times respectively.
- (c) The Adjusted P/NTA ratio of LCR Catering implied by the Purchase Consideration of 3.6 times is within the range of the P/NTA of the Hong Kong Comparables and is below the mean and median P/NTA ratios of 3.9 times and 3.8 times respectively.
- (d) The EV/EBITDA ratio of LCR Catering implied by the Purchase Consideration of 2.9 times is within the range of the EV/EBITDA ratios of the Hong Kong Comparables and is below the mean and median EV/EBITDA ratios of 11.0 times and 10.4 times respectively.

Based on the Valuation Ratios, the P/E, P/NTA and EV/EBITDA ratios of LCR Catering implied by the Purchase Consideration are within the range of the P/E, P/NTA and EV/EBITDA ratios of the Singapore Comparables, and are below the mean and median of the P/E, P/NTA and EV/EBITDA ratios of the Hong Kong Comparables. The Adjusted P/NTA ratio of LCR Catering implied by the Purchase Consideration is above the range of the P/NTA ratios of the Singapore Comparables and within the range of the P/NTA ratios of the Hong Kong Comparables.

4.3.3 Profitability Ratios Comparison with Comparable Companies

A profitability ratios comparison completed based on the latest audited financials of LCR Catering and the Comparable Companies is set out as below:-

Comparable Companies	Net Margin ("NM") ⁽¹⁾ (%)	Return on Equity ("ROE") ⁽²⁾ (%)
<u>Singapore Comparables</u>		
ABR Holdings	7.6	18.0
Breadtalk	4.7	17.1
Food Junction	6.9	10.6
Japan Foods	10.4	34.0
Sakae Holdings	3.7	15.1
Select	0.7	2.9
Soup Restaurant	6.1	12.9
Thai Village	6.2	10.8
Tung Lok	1.1	12.7
High	10.4	34.0
Low	0.7	2.9
Median	6.1	12.9
Mean	5.3	14.9
<u>Hong Kong Comparables</u>		
Ajisen	16.6	13.1
Cafe De Coral	10.5	18.0
Fairwood	6.0	22.6
G-Vision	NA	NA
Little Sheep	9.9	15.2
Tack Hsin	NA	NA
Tao Heung	8.0	17.8
High	16.6	22.6
Low	6.0	13.1
Median	9.9	17.8
Mean	10.2	17.3
LCR Catering	12.3	21.2

Source: Annual reports and PPCF calculations

Notes:

(1) NM ratio is calculated as net profit after tax divided by revenue.

(2) ROE ratio is calculated as net profit after tax divided by book value of shareholders' equity.

Based on the profitability ratios comparison with the Comparable Companies, we observe that:

Comparison with Singapore Comparables

- (a) The NM ratio of LCR Catering of 12.3% is above the range of NM ratios of the Singapore Comparables.
- (b) The ROE ratio of LCR Catering of 21.2% is within the range of the ROE ratios of the Singapore Comparables and above the mean and median ROE ratios of the Singapore Comparables of 14.9% and 12.9% respectively.

Comparison with Hong Kong Comparables

- (a) The NM ratio of LCR Catering of 12.3% is within the range of the NM ratios of the Hong Kong Comparables and above the mean and median NM ratios of the Hong Kong Comparables of 10.2% and 9.9% respectively.
- (b) The ROE ratio of LCR Catering of 21.2% is within the range of the ROE ratios of the Hong Kong Comparables and above the mean and median ROE ratios of the Hong Kong Comparables of 17.3% and 17.8% respectively.

We note that (i) LCR Catering has been operating profitably for FY2007, FY2008 and FY2009; and (ii) LCR Catering has performed favourably in terms of the NM ratio and ROE ratio of 12.3% and 21.2% respectively which are above the mean and median NM and ROE ratios of the Comparable Companies.

4.4 Valuation Report prepared by Independent Valuer

The Company has commissioned PwC to undertake an independent desktop fair value estimate range of All Around Group as of 30 June 2010 ("**Fair Value Estimate**") in respect of the Proposed Acquisition.

The following has been extracted from the summary letter of PwC ("**PwC Letter**") as reproduced in Appendix 2 of the Circular and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the PwC Letter. Shareholders are advised to read the extract below carefully:

"4. VALUATION METHODOLOGY

In arriving at our assessed value, we have considered two generally accepted approaches. They are the Income Approach (Discounted Cash Flow, "DCF") and the Market Approach.

Under the Income Approach, we have arrived at the Fair Value Estimate range of the future operating cash flows of AAL Group on a stand alone going concern basis (i.e. excluding any potential synergies that Food Junction could derive), by discounting the projected operating cash flow streams of AAL Group from the Valuation Date to perpetuity assuming going concern. This expected operating cash flow is defined as the cash generated from operations after taking into account requirements for capital expenditure and incremental working capital. These free cash flows are then discounted at an appropriate weighted cost of capital. We have cross-checked the valuation outcome with the Market approach, which involved analysing trading multiples of certain comparable companies."

As stated in the PwC Letter, PwC has arrived at the Fair Value Estimate range from HK\$26.2 million to HK\$33.3 million. **In this regard, we note that the Purchase Consideration is within the range of the Fair Value Estimate.**

We recommend the Independent Directors advise the Shareholders to read the PwC Letter carefully, in particular the terms of reference and key assumptions and critical factors.

4.5 Financial Effects of the Proposed Acquisition

The proforma financial effects of the Proposed Acquisition are set out in section 5 of the Letter to Shareholders in the Circular. We recommend the Independent Directors to advise the Shareholders to read section 5 of the Letter to Shareholders in the Circular carefully, in particular the assumptions relating to the preparation of the proforma financial effects.

We set out below the summary of the proforma financial effects of the Proposed Acquisition:

NTA per Share

Assuming the Proposed Acquisition had been effected on 31 December 2009, the Group's NTA per Share would have decreased from 18.7 cents to 15.5 cents mainly due to the goodwill recognised arising from the Proposed Acquisition.

Earnings per Share

Assuming the Proposed Acquisition had been effected on 1 January 2009, the Proposed Acquisition would be earnings-accretive to the Group and the Group's earnings per Share would have increased from 3.3 cents to 3.8 cents.

Gearing

The Proposed Acquisition will not have any impact on the gearing of the Group as the Purchase Consideration will be satisfied in cash and funded by the Company from internal cash resources, and that based on the information provided by the Company, All Around Group did not have any debt or borrowing as at 1H2010. The Directors confirmed that the Proposed Acquisition will not be funded by any debt or borrowing.

5. OPINION

In arriving at our recommendation in respect of the Proposed Acquisition, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in our Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) The rationale and benefits of the Proposed Acquisition;
- (b) LCR Catering has remained profitable for the past 3 years. Revenue and NPAT increased at CAGRs of 11.8% and 61.3% respectively from FY2007 to FY2009. Net cash generated from operating activities increased from HK\$4.7 million to HK\$5.7 million from FY2007 to FY2009 respectively;
- (c) The P/E ratio of LCR Catering implied by the Purchase Consideration of 8.3 times is within the range of the P/E ratios of the Singapore Comparables and is below the mean and median P/E ratios of 10.4 times and 9.4 times respectively;
- (d) The P/NTA ratio of LCR Catering implied by the Purchase Consideration of 2.0 times is within the range of the P/NTA ratios of the Singapore Comparables and is above the mean and median P/NTA ratios of 1.8 times and 1.5 times respectively;
- (e) The Adjusted P/NTA ratio of LCR Catering implied by the Purchase Consideration of 3.6 times is above the range of the P/NTA ratios of the Singapore Comparables;
- (f) The EV/EBITDA ratio of LCR Catering implied by the Purchase Consideration of 2.9 times is within the range of the EV/EBITDA ratios of the Singapore Comparables and below the mean and median EV/EBITDA ratios of 3.3 times and 3.7 times respectively;
- (g) The P/E ratio of LCR Catering implied by the Purchase Consideration of 8.3 times is below the range of the P/E ratios of the Hong Kong Comparables;

- (h) The P/NTA ratio of LCR Catering implied by the Purchase Consideration of 2.0 times is within the range of the P/NTA ratios of the Hong Kong Comparables and is below the mean and median P/NTA ratios of 3.9 times and 3.8 times respectively;
- (i) The Adjusted P/NTA ratio of LCR Catering implied by the Purchase Consideration of 3.6 times is within the range of the P/NTA of the Hong Kong Comparables and is below the mean and median P/NTA ratios of 3.9 times and 3.8 times respectively;
- (j) The EV/EBITDA ratio of LCR Catering implied by the Purchase Consideration of 2.9 times is within the range of the EV/EBITDA ratios of the Hong Kong Comparables and is below the mean and median EV/EBITDA ratios of 11.0 times and 10.4 times respectively;
- (k) The NM and ROE ratios of LCR Catering of 12.3% and 21.2% respectively are above the mean and median NM and ROE ratios of the Comparable Companies;
- (l) With reference to PwC Letter, we note that the Purchase Consideration is within the range of the Fair Value Estimate;
- (m) The Group's NTA per Share would have decreased from 18.7 cents to 15.5 cents mainly due to the goodwill recognised arising from the Proposed Acquisition;
- (n) The Proposed Acquisition would be earnings-accretive to the Group and the Group's earnings per Share would have increased from 3.3 cents to 3.8 cents; and
- (o) The Proposed Acquisition will not have any impact on the gearing of the Group.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, from a financial point of view, we are of the opinion that, on balance, the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.

Nonetheless, as stated in section 3.1(b) of this Letter, we wish to highlight to the Independent Directors that our opinion has been made on the basis that all the conditions precedent save for 2.4(c) as set out in section 2.4 of the Letter to Shareholders in the Circular in respect of the Proposed Acquisition will be fulfilled at Completion. Should there be any waiver or failure to fulfill any of the conditions precedent at Completion, our opinion may vary significantly.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Acquisition. The recommendation made by them to the Independent Shareholders in relation to the Proposed Acquisition shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without the prior written consent of PPCF in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Managing Director, Corporate Finance

Mah How Soon
Director, Corporate Finance

INDEPENDENT VALUATION SUMMARY LETTER FROM PwC

16 September 2010

The Independent Directors

Food Junction Holdings Limited
91 Tanglin Road #02-02
The Foodies Hub @ Tanglin Place
Singapore 247918

Dear Sirs,

1. INTRODUCTION

PricewaterhouseCoopers LLP (“PwC”) has been appointed by the Independent Directors (“Directors”) of Food Junction Holdings Limited (“Food Junction”) to undertake an independent desktop fair value estimate range of All Around Limited (“AAL”) and its subsidiary (“AAL Group”) that Food Junction intends to acquire (the “Proposed Acquisition”). Unless otherwise stated, words and expressions defined in the circular for purpose of obtaining shareholder’s approval for the Acquisition (“Circular”) have the same meaning in this letter.

This letter has been prepared for the purpose of incorporation in the Circular to be issued in relation to the announcement of the Acquisition, and is a summary of the information contained in our full valuation report dated 16 September 2010 (the “Report”). Accordingly, this letter should be read in conjunction with the full text of the Report.

2. TERMS OF REFERENCE

Basis of Valuation

PwC has been appointed to undertake an independent desktop fair value estimate range (“Fair Value Estimate”) of AAL Group as of 30 June 2010 (“Valuation Date”).

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm’s length transaction. Fair Value Estimate is a desktop valuation analysis conducted with limited information without the requirement on us to independently verify and validate the information provided to us.

Limitations of the Valuation

By its nature, valuation work cannot be regarded as an exact science and there is no indisputable single value, we have expressed our valuation as falling within expected ranges.

Our Fair Value Estimate is based on various assumptions with respect to AAL Group, including its respective present and future financial conditions, business strategies, commercial arrangements and the environment in which it will operate in the future. These assumptions are based on the information we have been provided with and our discussions with the Directors and management of Food Junction and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties. Given the forward looking nature of the assumptions and the cashflows, the actual results of AAL Group could differ materially from those anticipated in the assumptions.

We have set out in the Report the key assumptions used in our Fair Value Estimate as well as critical factors that, in our opinion, may have a material impact on the Fair Value Estimate of AAL Group. It should be noted that it is not an exhaustive list of all critical factors of AAL Group. The Fair Value Estimate should be read in conjunction with these assumptions, critical factors and limitations. Refer to section 3 for a summary of the assumptions and critical factors.

This letter is not intended as, and does not constitute, any recommendation by us in relation to this Proposed Acquisition. Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long term merits of the Proposed Acquisition or the future financial performance or prospects of either AAL Group, Food Junction or the consolidated group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of AAL Group, its holding entities or the consolidated group.

We have not made any independent evaluation or appraisal of the assets and liabilities of AAL Group. In the course of our work, we have also been provided with an independent valuation report by CB Richard Ellis Limited (Hong Kong), engaged by Food Junction, on the fairness of rental values and terms of the tenancy agreement and the licence agreement for the Lippo Chiuchow Restaurant located in unit No. 4 of the Ground Floor and 4 Night Parking Spaces located in the First Basement, Lippo Centre, 89 Queensway Hong Kong. We understand that Food Junction management has incorporated the inputs of the advisor in the forecast for purpose of our work. With respect to such report, we are not experts and do not hold ourselves to be experts in the evaluation or appraisal of the report and have not made any independent verifications of the contents thereof.

Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied by us as described above. In addition, our conclusions need to be viewed in the light of the limitations highlighted in the Report. The scope we are engaged to perform is lesser than a standard valuation engagement where depending on the scope of the assignment and the access available, we would undertake a review of certain information such as the financial projection provided to determine its reasonableness for inclusion in the valuation.

Our indicative valuation conclusion is based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as of the Valuation Date. Such conditions may change significantly over a relative short period of time. We assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion set out in the Report to reflect events or developments subsequent to the Valuation Date. Accordingly, all events, circumstances that happened post the agreed Valuation Date, may not have been considered.

Addressee of the letter and Report

This letter and the Report are addressed strictly to the Independent Directors of Food Junction and is to be used for their internal reference for the intended purpose as set out above and accordingly neither the Report nor the letter may be used or relied upon in any other connection by, and are not intended to confer any benefit on, any other person (including without limitations the respective shareholder of Food Junction). Any recommendation made by the Directors in respect to this Proposed Acquisition shall remain the responsibility of the Directors.

Reliance on information made available

We have held discussions with management of Food Junction and have examined information provided to us and other publicly available information collated by us, upon which our valuation analysis is based. Our valuation conclusion is limited to the information, both financial and non-financial, and representations provided to us by the management of Food Junction. We are not required to and have not conducted a comprehensive review of the business, technical, operational and financial condition, commercial risks or merits of the Acquisition. Such evaluations or

comments remain the sole responsibility of the Directors and management of Food Junction. We have placed substantial reliance on and have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information.

In addition, the Directors have also confirmed to us, upon making all reasonable enquiries and to the best of their respective knowledge and belief, that all material information available to them with respect to AAL Group that is relevant for the purpose of our evaluation, has been disclosed to us and that such information is fair and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect. We have nevertheless made such enquiries and exercised our judgment as we deemed necessary or appropriate and have found no reason to doubt the reliability of the information.

We have also relied upon the assurances of the Directors that the Directors have made all reasonable enquiries that, to their best knowledge and belief, the facts stated and the opinions expressed in the Circular are fair and accurate in all material respects as at the date of Circular and that there are no material facts, the omission of which would make any statement in the Circular misleading in any material respect.

No duty of care to third party

Our work and Report has been prepared and is intended solely for the benefit of those to whom it is addressed and for no other purpose. We do not accept or assume responsibility for our work, and our Report thereof, to anyone except those to whom our Report is addressed. Our work and Report are not planned or conducted in contemplation of reliance by any third party. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

In rendering our valuation conclusion, we have not had regard to the specific investment objectives, financial situation or individual circumstances of any shareholder. Our valuation conclusion should not be the sole basis for deciding whether or not to execute the Proposed Acquisition. Shareholders should seek their own professional advice that is tailored to their circumstances.

We understand that the independent financial advisor may require this letter and the Report for their internal reference only. They will perform their own separate analysis to satisfy their roles and responsibilities. Our work and Report is not meant to substitute their own procedures to substantiate the opinion they are required to render.

While a copy of the letter may be reproduced in the Circular, neither Food Junction nor the Directors may reproduce, disseminate or refer to the letter and Report (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of PwC in each specific case. In any event, giving our consent to the inclusion of letter in such a circular, we do not accept any duty of care and deny any responsibilities or liability to any third party other than the party to whom our letter and Report is addressed.

The letter and Report is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any re-enactment thereof shall not apply.

3. KEY ASSUMPTIONS AND CRITICAL FACTORS

We have relied on the following bases for our valuation analysis:

- (a) PwC is engaged to report on the desktop Fair Value Estimate of AAL, which holds a 90% equity interest in LCR Catering Services Limited (“LCR”) (collectively the “AAL Group”);
- (b) The discrete forecast period is from 1 July 2010 to December 2017 and the business is valued as a going concern subsequent to Year 2017;
- (c) The business forecast is realistic and viable from Food Junction perspective, including but not limited to the target revenue and margins that AAL Group is expected to achieve;
- (d) Prior to the completion of the Proposed Transaction (“Completion”), up to HK\$10 Mn will be dividend out from LCR to its shareholders. A significant portion of the dividend to AAL will go towards settlement of balances owing to Tamsett Holdings Limited prior to Completion and the remaining will be dividend out by AAL. We understand there are nil tax implications in relation to the dividends on AAL Group;
- (e) Sufficient levels of capital expenditure have been considered in the projections to achieve the forecasts during the forecast period and terminal year;
- (f) Tenancy agreement of the current premise which expires in FY2013 is expected to be renewed for a term of 5 years (to FY2017) with rental rates locked in. No increase in rental expenses has been factored in the discrete projection period, except in FY2013 and FY2014.
- (g) Corporate function of LCR is currently undertaken by Tamsett Holdings Limited (holding company of AAL) and will be assumed by Food Junction post-acquisition. The associated cost has not been factored into the financials as it is deemed not material.
- (h) AAL Group continues to operate as a going concern and has sufficient liquidity and capability to achieve the financial forecasts;
- (i) Information provided by Food Junction up to the date of this report fairly reflects AAL Group’s financial and operating positions;
- (j) There are no restrictions on the distribution of cash flows to the investors; and
- (k) We have solely relied on the comparable companies data sourced from Bloomberg.

4. VALUATION METHODOLOGY

In arriving at our assessed value, we have considered two generally accepted approaches. They are the Income Approach (Discounted Cash Flow, “DCF”) and the Market Approach.

Under the Income Approach, we have arrived at the Fair Value Estimate range of the future operating cash flows of AAL Group on a stand alone going concern basis (i.e. excluding any potential synergies that Food Junction could derive), by discounting the projected operating cash flow streams of AAL Group from the Valuation Date to perpetuity assuming going concern. This expected operating cash flow is defined as the cash generated from operations after taking into account requirements for capital expenditure and incremental working capital. These free cash flows are then discounted at an appropriate weighted cost of capital. We have cross-checked the valuation outcome with the Market approach, which involved analysing trading multiples of certain comparable companies.

5. CONCLUSION

In accordance with the terms of reference, limitations and valuation basis set out herein, PwC has arrived at the following Fair Value Estimate range of AAL equity at HK\$ 26.2 million to HK\$ 33.3 million.

In HK\$ million	Midpoint		
WACC	12.5%	11.5%	10.5%
Terminal growth rate (g)	2.0%	2.5%	3.0%
Fair Value Estimate	26.2	29.1	33.3

Yours faithfully,
For and on behalf of
PricewaterhouseCoopers LLP

Lie Kok Keong
Partner

VALUATION REPORT BY CBRE (HK)



CB Richard Ellis Limited

4/F Three Exchange Square
8 Connaught Place
Central, Hong Kong
T 852 2820 2800
F 852 2810 0830

Our Reference: RV/F10-158/LLO/GLA/ALE

香港中環康樂廣場八號交易廣場第三期四樓
電話 852 2820 2800 傳真 852 2810 0830

4 August 2010

www.cbre.com.hk

Food Junction Holdings Limited
91 Tanglin Road
02-02 Tanglin Place
Singapore 247918

地產代理(公司)牌照號碼
Estate Agent's Licence (Co.) No. C-004065

Attn:
The Independent Directors of
Food Junction Holdings Limited

No. of Pages: 2

Dear Sirs,

Re: Valuation & Advisory for Lippo Chiuchow Restaurant located in Unit No. 4 of the Ground Floor and 4 Night Parking Spaces located in the First Basement, Lippo Centre, 89 Queensway, Hong Kong

We refer to the instruction from Food Junction Holdings Limited (the "Client") for us to provide our opinion on the fairness of the rental values and terms of the tenancy agreement and the licence agreement for the Lippo Chiuchow Restaurant located in Unit No. 4 of the Ground Floor and 4 Night Parking Spaces located in the First Basement, Lippo Centre, 89 Queensway, Hong Kong (the "Property") respectively in connection to the tenancy agreement and license agreement dated at 25 March 2010. The Property particulars and agreements' terms, our opinion and comment on the rental values and lease terms are attached hereto.

We have inspected the Property recently. The Property is maintained in reasonable fair conditions commensurate with its age. According to relevant documents provided to us, the registered owner of the Property concerned is West Tower Holding Limited.

We have conducted market research on the leasing market in Hong Kong and collected some rental evidences and commercial lease terms information of comparable properties in the locality as well as similar locations in Hong Kong. Having analyzed the market information available to us and comparing the terms of normal commercial agreements, we are of the opinion that the rental values and agreements' terms agreed between West Tower Holding Limited and LCR Catering Services Limited are within the reasonable ranges of the prevailing market levels as at the commencing date of the proposed agreements, i.e. 1 April 2010.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited

Leo M Y Lo MRICS MHKIS
Director
Valuation & Advisory Services
Greater China

Encl.
Kowloon Office 九龍辦事處
Suites 1201-03 & 14, 12/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong
香港九龍尖沙咀廣東道九號港威大廈第六座十二樓1201-03及14室 T 電話 852 2820 8100 F 傳真 852 2521 9517

The Property particulars and agreements' terms

Property (restaurant portion)	Lippo Chiuchow Restaurant Unit No. 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong
Lessor	West Tower Holding Limited
Lessee	LCR Catering Services Limited
Area	Gross floor area of approximately 8,000 sq.ft.
Lease term	From 1 April 2010 to 31 March 2013
Monthly rent	HKD317,000 per calendar month
Monthly rent (HKD/sq.ft.)	HKD39.625/sq.ft.

Property (night parking space portion)	4 Night Parking Spaces First Basement of Lippo Centre, 89 Queensway, Hong Kong
Licensor	West Tower Holding Limited
Licensee	LCR Catering Services Limited
Licence term	From 1 April 2010 to 31 March 2013
Monthly licence fee for 4 night parking spaces	HKD4,400 per calendar month
Monthly licence fee per night parking space	HKD1,100 per night parking space

CBRE's opinion and comment on the Property agreements' terms

Monthly rent	Ranging from HKD288,800 to HKD339,200 per calendar month
Monthly rent (HKD/sq.ft.)	Ranging from HKD36.1/sq.ft. to HKD42.4/sq.ft.
Monthly licence fee for 4 night parking space	Ranging from HKD4,200 to HKD5,040 per calendar month
Monthly licence fee per night parking space	Ranging from HKD1,050 to HKD1,260 per night parking space
Lease terms and licence terms comment	<p>According to our research, general leasing terms contracted for similar retail tenants are for 3 years; while for car parking spaces are ranging from 1 year to 3 years.</p> <p>Considering the Property's rental and its area, we are of the opinion that the leasing term is reasonable and is in accordance with the market condition and practice.</p>

FOOD JUNCTION HOLDINGS LIMITED

(Company Reg. No. 200003470N)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of FOOD JUNCTION HOLDINGS LIMITED (the “**Company**”) will be held at Mandarin Suite, 5th Floor, Main Tower, Mandarin Orchard Singapore (formerly known as Meritus Mandarin Singapore), 333 Orchard Road, Singapore 238867 on 28 October 2010 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendment, the following resolution which will be proposed as an Ordinary Resolution:

ORDINARY RESOLUTION

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ALL AROUND LIMITED

That:

- (1) the acquisition of one (1) Sale Share by Food Junction International Pte Ltd, a wholly-owned subsidiary of the Company, from Tamsett Holdings Limited (“**Tamsett**”), representing the entire issued share capital of All Around Limited, which in turn holds 90% of the issued share capital of LCR Catering Services Limited, for an aggregate consideration of HK\$31.0 million, on the terms and conditions set out in the conditional sale and purchase agreement dated 15 September 2010 (the “**Agreement**”) and the transactions contemplated thereunder be and are hereby approved; and
- (2) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary, desirable or expedient to give effect to the Proposed Acquisition and/or the transactions contemplated under the Agreement and/or this Resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alteration or modification to any document (including the Agreement) and to affix the Common Seal of the Company to any such documents, if required.

BY ORDER OF THE BOARD
FOOD JUNCTION HOLDINGS LIMITED

John Chang Tong Wah
Company Secretary

13 October 2010

FOOD JUNCTION HOLDINGS LIMITED

(Company Registration No. 200003470N)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy FOOD JUNCTION HOLDINGS LIMITED's shares, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, _____

of _____

being a member/members of **Food Junction Holdings Limited** (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held on 28 October 2010 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolution relating to:	For	Against
1.	The Proposed Acquisition		

Dated this _____ day of _____ 2010

Total Number of Shares in:-	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member shall specify the proportion of his shares to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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