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**新煮意控股有限公司**  
**FOOD IDEA HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8179)**

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE**

**Underwriters to the Rights Issue**

**KMW Investments Limited**



**軟庫中華金融服務有限公司**  
SBI China Capital Financial Services Limited

**PROPOSED RIGHTS ISSUE**

The Company proposes to raise not less than approximately HK\$134 million and not more than approximately HK\$137 million (before expenses) on the basis of one (1) Rights Share for every one (1) Share held on the Record Date, by issuing not less than 958,464,000 Rights Shares and not more than 975,104,000 Rights Shares at the Subscription Price of HK\$0.14 per Rights Share. Qualifying Shareholders may apply for Rights Shares in excess of their respective entitlements under the Rights Issue. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The estimated net proceeds of the Rights Issue is expected to be not less than approximately HK\$132 million and not more than approximately HK\$135 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) as to approximately HK\$35 million for the acquisition of a commercial property as the office of the Company;

- (ii) as to approximately HK\$60 million for development of the Group's money lending business;
- (iii) as to approximately HK\$20 million for the development of the Group's investment business, including but not limited to the investment in a securities investment company; and
- (iv) the remaining balance will be used as general working capital.

Each of KMW Investments, Strong Light and Mr. Wong TC has given an irrevocable undertaking to the Company, to subscribe for, 76,803,600 Rights Shares, 29,556,000 Rights Shares and 21,348,000 Rights Shares to which KMW Investments, Strong Light and Mr. Wong TC are entitled to under the Rights Issue respectively.

## **GEM LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Yu Ka Ho who is interested in 320,000 Share Options, none of the Directors and the chief executive of the Company have interest in the Shares or underlying securities of the Company.

As at the date of this announcement, (i) KMW Investments (which is one of the Underwriters) owns 76,803,600 Shares, representing approximately 8.01% of the entire issued share capital of the Company. KMW Investments is therefore has material interest in the Rights Issue; (ii) Mr. Wong TC, the sole shareholder of KMW Investments, save for the Shares held by KMW Investments, personally owns 21,348,000 Shares, representing approximately 2.23% of the entire issued share capital of the Company; and (iii) Strong Light, which is wholly-owned by the parents of Mr. Wong TC, owns 29,556,000 Shares, representing approximately 3.08% of the entire issued share capital of the Company. Accordingly, each of KMW Investments, Strong Light and Mr. Wong TC and their respective associates shall abstain from voting on the resolution approving the Rights Issue and the Underwriting Agreement at the EGM.

Save as the aforesaid, as at the date of this announcement, SBI China and its respective close associates do not have any shareholding interest in the Company. In the event that SBI China and any of the sub-underwriters have shareholding interest in the Company, it/they shall abstain from voting on the resolution approving the Rights Issue and the Underwriting Agreement at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendation to the Independent Shareholders in connection with the Rights Issue. Euto Capital Partners Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue.

The Circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Thursday, 23 March 2017.

Subject to the fulfillment of certain conditions of the Rights Issue including the approval of the Independent Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Rights Issue is conditional upon the fulfillment of the conditions set out below under the sub-section headed “Conditions of the Rights Issue” in the section headed “Proposed Rights Issue” below. The Underwriters are entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described below. The Rights Issue is also subject to the Underwriters not terminating the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Thursday, 27 April 2017 to Monday, 8 May 2017, both days inclusive, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are advised to consult their own professional advisers.**

According to the expected timetable, the last day of dealings in the Shares on a cum-rights basis is Tuesday, 11 April 2017 and the Shares will be dealt in on an ex-rights basis from Wednesday, 12 April 2017. The Rights Shares are expected to be dealt in the nil-paid form from Thursday, 27 April 2017 to Monday, 8 May 2017 (both days inclusive). To qualify for the Rights Issue, any transfer of the Shares (together with the relevant share certificates) must be lodged for registration with the Company's share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by 4:00 p.m. on Thursday, 13 April 2017. The latest time for acceptance is expected to be at 4:00 p.m. on Thursday, 11 May 2017. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both the nil-paid and fully-paid forms.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise not less than approximately HK\$134 million and not more than approximately HK\$137 million (before expenses) on the basis of one (1) Rights Share for every one (1) Share held on the Record Date, by issuing not less than 958,464,000 Rights Shares and not more than 975,104,000 Rights Shares at the Subscription Price of HK\$0.14 per Rights Share.

On 28 February 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters in respect of the Rights Issue and further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Rights of excess application:	Qualifying Shareholders will have the right to apply for Rights Shares in excess of their provisional allotments
Subscription Price:	HK\$0.14 per Rights Share
Number of Shares in issue at the date of this announcement:	958,464,000 Shares

Number of Rights Shares to be issued:	not less than 958,464,000 Rights Shares (assuming no new Shares have been allotted and issued from the exercise of the outstanding Share Options on or before the Record Date) and not more than 975,104,000 Rights Shares (assuming 16,640,000 new Shares have been allotted and issued upon full exercise of the outstanding Share Options on or before the Record Date)
Underwriters:	KMW Investments Limited; and  SBI China Capital Financial Services Limited
Minimum enlarged issued share capital upon completion of the Rights Issue (assuming no new Shares (other than the Rights Shares) are allotted and issued on or before the Record Date):	1,916,928,000 Shares
Maximum enlarged issued share capital upon completion of the Rights Issue (assuming 16,640,000 new Shares are allotted and issued pursuant to the full exercise of the outstanding Share Options on or before the Record Date):	1,950,208,000 Shares
Aggregated nominal value of the Rights Shares:	not less than HK\$9,584,640 (assuming no new Shares have been allotted and issued from the exercise of the outstanding Share Options on or before the Record Date) and not more than HK\$9,751,040 (assuming 16,640,000 new Shares have been allotted and issued upon full exercise of the outstanding Share Options on or before the Record Date)

As at the date of this announcement, the Company has 16,640,000 outstanding Share Options which in aggregate confer holders thereof the rights to subscribe for 16,640,000 new Shares.

Assuming that there is no further issue or repurchase of Shares from the date of this announcement up to and including the Record Date, a total number of 958,464,000 Rights Shares will be allotted and issued upon completion of the Rights Issue, representing 100% of the existing issued share capital of the Company and 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming that there is no further issue or repurchase of Shares, other than as a result of the issue of new Shares upon exercise of the outstanding Share Options in full, from the date of this announcement up to and including the Record Date, not more than 975,104,000 Rights Shares will be allotted and issued upon completion of the Rights Issue, representing approximately 101.7% of the existing issued share capital of the Company and approximately 50% of the issued share capital of the Company as enlarged by the issue of the Rights Shares and the issue of new Shares upon full exercise of the outstanding Share Options.

Save as disclosed above, as at the date of this announcement, the Company had no other outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares. The Rights Issue is subject to the approval by the Independent Shareholders at the EGM.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. (Hong Kong time) on Thursday, 13 April 2017. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 11 April 2017 and the Shares will be dealt in on an ex-rights basis from Wednesday, 12 April 2017.

Subject to the passing of the resolution to approve the Rights Issue by the Independent Shareholders at the EGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only.

## **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 17.41 of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, based on legal opinions provided by the legal adviser to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place of registered address or the requirements of the relevant overseas regulatory body or stock exchange in that place, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Excluded Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders under the EAF(s). For the avoidance of doubt, the Excluded Shareholders (if any) will be entitled to vote at the EGM.

## **Closure of register of members**

For the purpose of determining the entitlement to the Rights Issue, the register of members of the Company will be closed from Tuesday, 18 April 2017 to Monday, 24 April 2017 (both days inclusive) and no transfer of Shares will be registered during such period.

## **Subscription Price**

The Subscription Price is HK\$0.14 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance under the PAL(s) or the EAF(s). The Subscription Price represents:

- (i) a discount of approximately 17.65% to the closing price of HK\$0.17 per Share, based on the Last Trading Day;



- (ii) a discount of approximately 16.07% to the average of the closing prices of approximately HK\$0.1668 per Share, based on the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 9.68% to the theoretical ex-rights price of approximately HK\$0.155 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions, the financial position of the Company and the business prospect of the Company.

The Directors consider that the Subscription Price is set at a discount with an objective to lower the further investment cost of the Shareholders, to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price to the market price is appropriate. The Directors (other than the independent non-executive Directors whose view will be formed after considering the opinion of the independent financial adviser regarding the Rights issue) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. The net price per Rights Share will be approximately HK\$0.1379.

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the latest time for acceptance of the Rights Issue, i.e. by 4:00 p.m. on Thursday, 11 May 2017.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the then Shares in issue. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.



## **Application for the Rights Shares**

The PALs and the EAFs relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the share registrar of the Company by the latest time for acceptance.

## **Application for excess Rights Shares**

Qualifying Shareholders will be entitled to subscribe for (i) the Rights Shares representing any unsold entitlements of the Excluded Shareholders; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAF for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse the mechanism; and
- (ii) subject to availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares available for excess application and the number of the excess Rights Shares applied for by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive larger number of Rights Shares) and with board lot allocations to be made on a best efforts basis.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Company's share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for completion of the relevant registration by 4:00 p.m. (Hong Kong time) on Thursday, 13 April 2017.

## **Certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below, certificates for all fully-paid Rights Shares are expected to be posted on or before Friday, 19 May 2017 by ordinary post to those entitled thereto at their own risk. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Friday, 19 May 2017 by ordinary post at the respective Shareholders’ own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on or about Friday, 19 May 2017 by ordinary post at the risk of the Shareholders.

## **Application for listing**

The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 12,000 Shares) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted.

## Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the Rights Issue;
- (ii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iv) the Listing Division of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares by no later than the first day of their dealings;
- (v) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten (10) trading days at any time prior to the latest time for acceptance;
- (vi) the obligations of the Underwriters becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement;
- (vii) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (viii) compliance with and performance of all undertakings and obligations by KMW Investments in favour of the Company and SBI China to, among others, subscribe for 76,803,600 Rights Shares to which KMW Investments is entitled to under the Rights Issue;
- (ix) compliance with and performance of all undertakings and obligations by Strong Light in favour of the Company and the Underwriters to, among others, subscribe for 29,556,000 Rights Shares to which Strong Light is entitled to under the Rights Issue;

- (x) compliance with and performance of all undertakings and obligations by Mr. Wong TC in favour of the Company and the Underwriters to, among others, subscribe for 21,348,000 Rights Shares to which Mr. Wong TC is entitled to under the Rights Issue; and
- (xi) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The conditions set out above are incapable of being waived. If all of the above conditions are not satisfied by 4:00 p.m. (Hong Kong time) on Friday, 12 May 2017, the Latest Time for Termination, or such later date or dates as the Underwriters may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Rights Issue will not proceed.

## **UNDERWRITING ARRANGEMENT**

The Rights Shares will be fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement as described below.

### **Underwriting Agreement**

Date: 28 February 2017

Underwriters: (1) KMW Investments Limited; and  
(2) SBI China Capital Financial Services Limited

Number of Rights Shares: Not less than 958,464,000 Rights Shares and not more than 975,104,000 Rights Shares

Number of Underwritten Shares: not less than 830,756,400 Rights Shares (assuming no new Shares have been allotted and issued from the exercise of the outstanding Share Options on or before the Record Date) and not more than 847,396,400 Rights Shares (assuming 16,640,000 new Shares have been allotted and issued upon full exercise of the outstanding Share Options on or before the Record Date)

The aggregate nominal value of the Underwritten Shares will be not less than HK\$8,307,564 and not more than HK\$8,473,964

Commitment of KMW Investments under the Underwriting Agreement:	224,000,000 Underwritten Shares
Commitment of SBI China under the Underwriting Agreement:	Not less than 606,756,400 Underwritten Shares and not more than 623,396,400 Underwritten Shares
Commission:	SBI China will receive a commission in respect of its respective underwriting of the Rights Issue at 0.25% of the total subscription price of the maximum number of the Underwritten Shares taken by it while KMW Investments will not receive any commission

SBI China is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SBI China, its ultimate beneficial owner(s) and its associates are Independent Third Parties.

KMW Investments is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, KMW Investments is beneficially interested in 76,803,600 Shares, representing approximately 8.01% of the issued share capital of the Company. The ordinary course of business of KMW Investments is investment holding and does not include underwriting. As advised by KMW Investments, each of KMW Investments and its ultimate beneficial owner, namely Mr. Wong TC, does not have any relationship with any existing board members of the Company.

When the Directors consider that there are funding needs of approximately HK\$132 million for its business plan as disclosed in the paragraph headed "Business plan for 2017" below, the Board has explored possible fund raising methods, such as debt financing, placing of or subscription for new Shares or convertible securities and rights issue. Given that most of the fund raised will be used for the money lending business, the Directors consider that debt financing will incur interest costs which will jeopardise the competitiveness of the Group's money lending business as the Group has to impose a higher interest rate for the loan advanced by the Group. Hence, debt financing is not preferable.

Besides, given that the minimum funding needs is of approximately HK\$132 million, it cannot be achieved by issue of securities under general mandate. To raise fund from placing or subscription, substantial amount of securities must be issued under specific mandate to be sought at the general meeting of the Company and usually the subscriber(s) will ask for a deep discount to the trading price of the Shares in view of the substantial amount of securities involved. The Company is unable to secure any placing agents and subscribers with such large amount of securities but having subscription price comparable to that of the Rights Issue. Further, issue of substantial amount of securities and underlying securities will cause huge dilution effect to the Shareholders and deny the Shareholders to participate in the fund raising activities in order to maintain their shareholdings. As such, the Directors believe that Rights Issue is the best alternative among other fund raising alternatives.

The Company approached three licensed corporation underwriters (excluding KMW Investments) for the proposed Rights Issue. SBI China, amongst the 3 underwriters approached by the Company, offered the lowest commission rate, i.e. 0.25% of the aggregate subscription price of the maximum amount of the Underwritten Shares as determined on the Record Date and is willing to underwrite the Underwritten Shares at the Subscription Price. The other two licensed corporations offered higher commission rate than that offered by SBI China and they also indicated that the Subscription Price was not attractive at all and refused to further negotiate.

In view of the slight discount to the trading price of the Shares, SBI China expected difficulties in procuring subscribers to take up the Untaken Shares and therefore only agreed to underwrite about 600 million Rights Shares. The Company therefore approached KMW Investments to negotiate for underwriting of the remaining Underwritten Shares. KMW Investments agreed to be a co-underwriter without receiving any underwriting commission provided that it shall have priority over SBI China to underwrite up to 224,000,000 Rights Shares. In this regard, the Company engaged SBI China and KMW Investments as the Underwriters of the proposed Rights Issue.

### **Underwriting Commission**

The Company will pay SBI China an underwriting commission of 0.25% of the aggregate subscription price in respect of the maximum number of the Underwritten Shares taken by it and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriters in respect of the Rights Issue. For avoidance of doubt, KMW Investments will not be entitled to any underwriting commission. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriters, but the Company shall pay all reasonable legal fees and other reasonable out of-pocket expenses of the Underwriters in respect of the Rights Issue.

The commission rate was determined between the Company and the Underwriters by reference to the market rate. The Directors (including the independent non-executive Directors) considers the terms of the Underwriting Agreement including the commission rate to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Underwriting Obligation of the Underwriters**

Under the Underwriting Agreement, if the conditions of the Rights Issue are fulfilled on or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriters may determine in writing) and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, and in the event that by the latest time for acceptance any of the Underwritten Shares have not been taken up, the Company shall as soon as practicable thereafter and in any event before 6:00 p.m. on the second Business Day after the latest time for acceptance, notify or procure the Company's share registrar in Hong Kong, on behalf of the Company to notify the Underwriters in writing of the number of Underwritten Shares not taken up for the Underwriters to subscribe for or procure subscription for the Untaken Shares.

Pursuant to the Underwriting Agreement, the Underwriters shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for the Untaken Shares in the following order of priority:

- (1) firstly, KMW Investments shall subscribe on the terms of the Prospectus Documents (so far as the same are applicable) for such Untaken Shares (to the extent of 224,000,000 Rights Shares, being the commitment of KMW Investments under the Underwriting Agreement; and
- (2) secondly, SBI China shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for such Untaken Shares (to the extent of 623,396,400 Rights Share, being the maximum commitment of SBI China under the Underwriting Agreement).

## **Irrevocable undertakings**

### ***Undertaking from KMW Investments***

As at the date of this announcement, KMW Investments is the legal and beneficial owner of 76,803,600 Shares, representing approximately 8.01% of the existing issued ordinary share capital of the Company. KMW Investments has given an irrevocable undertaking in favour of the Company and SBI China not to dispose of any of the 76,803,600 Shares registered in the name of KMW Investments and to remain as the legal and beneficial owner of those 76,803,600 Shares up to and including the Latest Lodging Date. KMW Investments has given an irrevocable undertaking in favour of the Company and SBI China to subscribe for 76,803,600 Rights Shares to which KMW Investments is entitled to under the Rights Issue.



### ***Undertaking from Strong Light***

As at the date of this announcement, Strong Light, a company incorporated in Hong Kong with limited liability, is the legal and beneficial owner of 29,556,000 Shares, representing approximately 3.08% of the existing issued ordinary share capital of the Company. Strong Light has given an irrevocable undertaking in favour of the Company and the Underwriters not to dispose of any of the 29,556,000 Shares registered in the name of Strong Light and to remain as the legal and beneficial owner of those 29,556,000 Shares up to and including the Latest Lodging Date. Strong Light has given an irrevocable undertaking in favour of the Company and the Underwriters to subscribe for 29,556,000 Rights Shares to which Strong Light is entitled to under the Rights Issue.

### ***Undertaking from Mr. Wong TC***

As at the date of this announcement, Mr. Wong TC is personally interested in 21,348,000 Shares, representing approximately 2.23% of the existing issued ordinary share capital of the Company. Mr. Wong TC has given an irrevocable undertaking in favour of the Company and the Underwriters not to dispose any of the 21,348,000 Shares registered in his name and to remain as the legal and beneficial owner of those 21,348,000 Shares up to and including the Latest Lodging Date. Mr. Wong TC has given an irrevocable undertaking in favour of the Company and the Underwriters to subscribe for 21,348,000 Rights Shares to which he is entitled to under the Rights Issue.

### ***Termination of the Underwriting Agreement***

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or

(viii) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriters be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriters shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

## SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 958,464,000 Shares in issue and 16,640,000 outstanding Share Options which confer holders thereof the rights to subscribe for 16,640,000 new Shares.

The table below depicts the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders and no option holder exercising the Share Options; (iii) immediately upon completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than KMW Investments, Strong Light and Mr. Wong TC, and no option holders exercising the Share Options; (iv) immediately upon completion of the Rights Issue assuming the option holders have exercised the Share Option in full and full acceptance by the Qualifying Shareholders (including the option holders); and (v) immediately upon completion of the Rights Issue assuming the option holders having exercised the Share Options in full but nil acceptance by the Qualifying Shareholders (including the option holders) other than KMW Investments, Strong Light and Wong TC:

	(i)		(ii)		(iii)		(iv)		(v)	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
KMW Investments	76,803,600	8.01	153,607,200	8.01	377,607,200	19.70	153,607,200	7.88	377,607,200	19.36
Strong Light	29,556,000	3.08	59,112,000	3.08	59,112,000	3.08	59,112,000	3.03	59,112,000	3.03
Mr. Wong TC	21,348,000	2.23	42,696,000	2.23	42,696,000	2.23	42,696,000	2.19	42,696,000	2.19
Sub-total ( <i>note</i> )	127,707,600	13.32	255,415,200	13.32	479,415,200	25.01	255,415,200	13.10	479,415,200	24.58
Yu Ka Ho	-	-	-	-	-	-	640,000	0.03	320,000	0.02
Public Shareholders	830,756,400	86.68	1,661,512,800	86.68	830,756,400	43.34	1,661,512,800	85.20	830,756,400	42.60
Other option holder	-	-	-	-	-	-	32,640,000	1.67	16,320,000	0.84
SBI China	-	-	-	-	606,756,400	31.65	-	-	623,396,400	31.96
Total	<u>958,464,000</u>	<u>100.00</u>	<u>1,916,928,000</u>	<u>100.00</u>	<u>1,916,928,000</u>	<u>100.00</u>	<u>1,950,208,000</u>	<u>100.00</u>	<u>1,950,208,000</u>	<u>100.00</u>

*Note:* The sub-total figures represent the aggregate of (a) the Shares owned by KMW Investments, Strong Light and Mr. Wong TC; (b) the Rights Shares to be taken up by KMW Investments, Strong Light and Mr. Wong TC; and (c) the Underwritten Shares to be taken up by KMW Investments assuming that no other Qualifying Shareholders take up their entitlement to the Rights Shares.

As at the date of this announcement, SBI China and its respective close associates does not have any shareholding interest in the Company. In circumstances where the Rights Issue were to become unconditional and the Underwriters were obliged to take up Underwritten Shares in their respective entirety, the underwriting commitment of SBI China would extend to a stake of approximately from 31.65% to 31.96% (as the case may be) in the share capital of the Company as enlarged by the issue of the Rights Shares. However, scenarios (iii) and (v) are for illustration only.

As at the date of this announcement, SBI China is in the course of identifying sub-underwriters to sub-underwrite the Underwritten Shares. No binding arrangements are in place as the sub-underwriting agreement(s) will only be executed after the publication of this announcement. Pursuant to the Underwriting Agreement, SBI China will use its best endeavours to ensure that (1) such subscribers and/or sub-underwriters are Independent Third Parties; (2) the public float requirements under Rule 11.23 of the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue; (3) itself, (together with its parties acting in concert or any of its connected persons or associates) will not hold in aggregate 19.99% or more of the voting rights of the Company immediately after the Rights Issue; and (4) each of the sub-underwriter(s) or each of the ultimate subscribers or purchasers procured by SBI China or the sub-underwriter(s) will not hold in aggregate 10% or more of the voting rights of the Company immediately after the Rights Issue.

SBI China is and each of the sub-underwriters will be licenced corporation under the SFO and principally carries on regulated activities under the SFO, including but not limited to Type 1 (dealing in securities). Hence, the sub-underwriting arrangement is in the ordinary course of business of each of SBI China and the sub-underwriters.

Further details of the sub-underwriting arrangement will be disclosed in the Circular in relation to the Rights Issue.

## **ADJUSTMENTS IN RELATION TO THE SHARE OPTION SCHEME**

Pursuant to the terms of the Share Option Scheme, the exercise prices of the Share Options will be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. Such adjustments will be verified by the auditor of the Company. The Company in accordance with the Share Option Scheme will notify the holder of the Share Options the required adjustment(s) as soon as practicable and details of adjustments will be set out in the Prospectus in respect of the Rights Issue to be despatched to the Shareholders.

## **BUSINESS PLAN OF THE GROUP FOR 2017**

The Group is principally engaged in (i) catering services, (ii) production, sales and distribution of food products to supermarket chains in Hong Kong (the “**Food Operation Business**”); (iii) investments in securities; and (iv) money lending business.

After the disposal of the Chinese restaurants business in August 2016, the Group will further develop its Food Operation Business, money lending business and the securities investment business. Recently, the Company has encountered certain investments opportunities in real property market and the acquisition of licensed corporation which carries on Type 1 (dealing in securities) regulated activity under the SFO.

### **Acquisition of commercial property**

Considering that the property market has slowed down, the Company has been actively looking for a potential commercial property suitable for office use. As at the date of this announcement, the Company has identified a commercial unit in Wan Chai with the total area of around 2,000 square feet which is suitable to be used for the office of the Company. Expecting that financing the acquisition cost of the commercial property by part of the proceeds of the Rights Issue will reduce interest expense of the Group as compared with bank financing, which concurrently, will not increase the Group’s gearing ratio, the Board intends to utilise the amount of HK\$35 million for paying the purchase price of the commercial property and related expenses as well as costs of renovation and initial set up.

It is expected that the acquisition of the real property in Hong Kong will take place in about August 2017. The Group will comply with the applicable GEM Listing Rules requirements in respect of the proposed acquisition of the commercial property and the Company will make further announcement in relation to such proposed acquisition as and when appropriate.

### **Food Operation Business**

The Food Operation Business was operated by the non wholly-owned subsidiaries of the Company to produce and supply Taiwanese Lou Mei to over 60 concessionaire stores in major supermarket chains in Hong Kong, which have new outlets from time to time. Apart from the increase in supply of food products when new outlets are opened, the Group targets to expand the Food Operation Business by operating canteens at universities in Hong Kong. The Group has already submitted a tender to a university in February 2017. The tendering results will be announced in March 2017. It is estimated that an initial set up fee of approximately HK\$2.5 million is required for the establishment and operation of the canteen in around June 2017 if the Group can successfully win the tender. Further, the Food Operation Business is currently financing its operation by using invoice financing and overdraft of approximately HK\$2 million. Interest payment of approximately HK\$16,000 per month is accrued on the invoice financing and overdraft. The Group intends to use HK\$2 million to fund the Food Operation Business in order to save interest cost. The aggregate of approximately HK\$4.5 million shall be funded by the Group’s general working capital.

## **Money lending business**

As disclosed in the Monthly Statistical Bulletin published by the Hong Kong Monetary Authority in December 2016, the total loans and advances of all authorised money lending institutions in Hong Kong increased from approximately HK\$2,552 billion in January 2007 to approximately HK\$7,896 billion in November 2016, indicating a rising demand in the money lending market in Hong Kong. The Group has also experienced an unexpected overwhelming demand for loans by borrowers and therefore has conducted two placings for a net proceeds of approximately HK\$19.58 million and approximately HK\$22.8 million in July 2016 and December 2016 respectively to meet such demands, of which the Group has fully utilised the net proceeds of the two placings for provision of loans to various individuals in January 2017, while the Company over the recent two months, has received loan enquiries amounted to not less than HK\$33 million.

Since the commencement of the Group's money lending business in about June 2015, it has generated interest income of approximately HK\$12 million to the Group. In view of the interest income attributable to the Group and the growing demand of loans, the Board plans to further develop the money lending business.

Pursuant to our record, the aggregate loans offered was of approximately HK\$234 million and HK\$342 million for the seven months ended 31 December 2015 and for the twelve months ended 31 December 2016 respectively, representing an increase of approximately 46%. All of our clients negotiated with the Group directly without involving any financial intermediaries. With regard to the recent combat on the illegal malpractices of financial intermediaries which charge exorbitant intermediary fees, the Board believes more borrowers will avoid using financial intermediaries and turn to deal with licensed money lenders which are more reliable and regulated, such as banks and licensed money lenders of listed companies directly. In the premises, the Board intends to expand its loan book to approximately HK\$150 million by the end of 2017, the then aggregate loans offered would be increased by approximately 44% as compared to 2016, subject to the assessment on the borrowers and the quality of the collaterals.

## **Securities investment business**

With the aim to further diversify its business and broaden the income sources to maximise the return to the Shareholders, the Group also plans to develop its securities investment business in (i) securities investment and (ii) acquisition of licensed corporation which carries out Type 1 regulated activity under the SFO.

The Group has been investing in different investment products, including bonds, funds and listed securities in Hong Kong and non-listed securities. The non-listed securities investment has been generating satisfying returns (e.g. interest and dividends) to the Group and therefore the Board intends to pursue and further invest in unlisted companies of growth potentials. As at the date of this announcement, the Board is reviewing and negotiating the terms of securities investment in non-listed companies of growth potentials.

Further, the Group is looking for investment opportunity in licensed corporation(s) which is/are licensed to conduct regulated activities, such as securities trading, underwriting and placing, under the SFO. According to the market sources, the acquisition cost for such licensed corporation is approximately HK\$10 million. The Company intends to invest approximately HK\$10 million for acquiring interests in and further development of such licensed corporation(s).

The Group will comply with the applicable GEM Listing Rules requirements in respect of the securities investment and the proposed investment in the licensed corporation(s) and the Company will make further announcement in relation to such transaction(s) as and when appropriate.

## **REASONS FOR THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS**

In view of the funding needs as disclosed above, the Company is seeking to undertake the Rights Issue to fund the relevant acquisitions and business development. The estimated net proceeds of the Rights Issue is expected to be not less than approximately HK\$132 million and not more than approximately HK\$135 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner, which are expected to be utilised by 31 December 2017:

- (i) as to approximately HK\$35 million for funding the acquisition of a commercial property as the office of the Company;
- (ii) as to approximately HK\$60 million for development of the Group's money lending business;
- (iii) as to approximately HK\$20 million for the development of the Group's investment business, including but not limited to the investment in a securities investment company; and
- (iv) the remaining balance will be used as general working capital.



As disclosed in the Group's third quarterly report, after deducting the revenue and income, the net expenses (including cost of inventories, salaries and employee benefits related expenses, operating lease rentals and related expenses, utilities, finance costs and other operating expenses, etc. but excluding the non-cash expenses and results from investing activities) for nine months ended 30 September 2016 amounted to approximately HK\$18.2 million. Based on these figures, the Board expects the projected net expenses will amount to approximately HK\$24.3 million for the year ended 31 December 2016. With reference to the net cash and bank balance of the Group of HK\$5.2 million as at 31 January 2017, assuming there is same amount of net expenses in 2017, there will be a shortfall of cash of approximately HK\$17.1 million. Together with the aggregate of HK\$4.5 million for development of the Food Operation Business, the Company intends to use the remaining amount of the net proceeds for general working capital of the Group.

Among different fund raising methods, the Directors consider that it is prudent to finance the Group's long term growth by way of the Rights Issue which will not only strengthen the Group's capital base and enhance its financial position without increasing finance costs or incurring debts, but will also allow all Qualifying Shareholders the opportunity to participate in the growth of the Group through the Rights Issue at a price lower than the current market price of the Shares. The Directors (other than the independent non-executive Directors whose view will be formed after considering the opinion of the independent financial adviser regarding the Rights Issue) consider that the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
20 December 2016	Placing of new Shares	HK\$22.8 million	For the development of the Group's money lending business	For lending to less than 5 individuals with loans amounting over HK\$22.8 million under various terms of not more than 1 year with interest rate from 5% to 10% per annum
29 July 2016	Placing of new Shares	HK\$19.58 million	For the development of the Group's money lending business	For lending to less than 5 individuals with loans amounting over HK\$19.6 million under various terms of not more than 1 year with interest rate from 5% to 12% per annum

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

Pursuant to the Group's business plan, the net proceeds from Rights Issue could satisfy the initial funding need of the Group for the next twelve months. However, the actual funding need for the development of the money lending business is driven by the market demand. If the demand for the loan is huge and the existing funding of the Group is insufficient, further fund raising may be required. The Group will prudently assess the credit risk of each applicant, the quality of the collaterals, the prevailing market conditions as well as any modifications to the law and regulations and will only grant loans of high quality. The Board has not formed any plan for further fund raising activities.

## EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	2017 (Hong Kong times and dates)
Despatch of the Circular, notice of EGM and form of proxy relating to the Rights Issue . . . . .	Thursday, 23 March
Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the EGM . . . . .	4:00 p.m. on Friday, 31 March
Closure of register of members of the Company to determine the qualification for attendance and voting at the EGM (both days inclusive) . . . . .	Monday, 3 April – Monday, 10 April
Latest time for lodging form of proxy for the EGM . . . . .	10:30 a.m. on Saturday, 8 April
Date and time of the EGM . . . . .	10:30 a.m. on Monday, 10 April
Announcement of the results of the EGM . . . . .	Monday, 10 April
Last day of dealings in Shares on cum-rights basis . . . . .	Tuesday, 11 April
First day of dealings in Shares on an ex-rights basis . . . . .	Wednesday, 12 April

**Event****2017 (Hong Kong times and dates)**

Latest time for lodging transfers of Shares

to be entitled for the Rights Issue ..... 4:00 p.m.  
on Thursday, 13 April

Closure of register of members of the Company to determine the

entitlements to the Rights Issue (both days inclusive) ..... Tuesday, 18 April –  
Monday, 24 April

Record date for determining entitlements to the Rights Issue ..... Monday, 24 April

Register of members re-opens ..... Tuesday, 25 April

Despatch of Prospectus Documents ..... Tuesday, 25 April

First day of dealings in nil-paid Rights Shares ..... 9:00 a.m.  
on Thursday, 27 AprilLatest time for splitting nil-paid Rights Shares ..... 4:00 p.m.  
on Tuesday, 2 MayLast day of dealings in nil-paid Rights Shares ..... 4:00 p.m.  
on Monday, 8 May

Latest time for acceptance of and payment for the Rights Shares

and the application for excess Rights Shares ..... 4:00 p.m.  
on Thursday, 11 MayLatest time for Termination ..... 4:00 p.m.  
on Friday, 12 May

Announcement of the allotment results of the Rights Issue ..... Thursday, 18 May

Despatch of the share certificates for fully-paid

Rights Shares and refund cheques in relation to wholly or  
partially unsuccessful applications for excess Rights Shares ..... Friday, 19 MayFirst day of dealings in fully-paid Rights Shares ..... 9:00 a.m.  
on Monday, 22 May

## **GEM LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Yu Ka Ho who is interested in 320,000 Share Options, none of the Directors and the chief executive of the Company have interest in the Shares or underlying securities of the Company.

As at the date of this announcement, (i) KMW Investments (which is one of the Underwriters) owns 76,803,600 Shares, representing approximately 8.01% of the entire issued share capital of the Company. KMW Investments is therefore has material interest in the Rights Issue; (ii) Mr. Wong TC, the sole shareholder of KMW Investments, save for the Shares held by KMW Investments, personally owns 21,348,000 Shares, representing approximately 2.23% of the entire issued share capital of the Company; and (iii) Strong Light, which is wholly-owned by the parents of Mr. Wong TC, owns 29,556,000 Shares, representing approximately 3.08% of the entire issued share capital of the Company. Accordingly, each of KMW Investments, Strong Light and Mr. Wong TC and their respective associates shall abstain from voting on the resolution approving the Rights Issue and the Underwriting Agreement at the EGM.

Save as the aforesaid, as at the date of this announcement, SBI China and its respective close associates does not have any shareholding interest in the Company. In the event that SBI China and any of the sub-underwriters have shareholding interest in the Company, it/they shall abstain from voting on the resolution approving the Rights Issue and the Underwriting Agreement at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendation to the Independent Shareholders in connection with the Rights Issue. Euto Capital Partners Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue.

The Circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Thursday, 23 March 2017.

Subject to the fulfillment of certain conditions of the Rights Issue including the approval of the Independent Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Rights Issue is conditional upon the fulfillment of the conditions set out under the sub-section headed “Conditions of the Rights Issue” in the section headed “Proposed Rights Issue” above. The Underwriters is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described above. The Rights Issue is also subject to the Underwriters not terminating the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form between Thursday, 27 April 2017 to Monday, 8 May 2017, both days inclusive, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are advised to consult their own professional advisers.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Circular”	the circular to be despatched to the Shareholders by the Company related to, among other things, the Rights Issue
“Company”	Food Idea Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on GEM
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholder(s) in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among other things, the Rights Issue
“Excluded Shareholders”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant overseas regulatory bodies or stock exchange, consider it necessary or expedient to exclude them from the Rights Issue
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company and to be constituted by all the independent non-executive Directors for the purpose of giving a recommendation to the Independent Shareholders on the Rights Issue after taking into account the advice of the independent financial adviser

“Independent Shareholders”	the Shareholders who are not required under the GEM Listing Rules to abstain from voting on the resolution approving the Rights Issue at the EGM
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“KMW Investments”	KMW Investments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Wong TC, a substantial Shareholder of the Company and one of the Underwriters
“Latest Lodging Date”	4:00 p.m. on Thursday, 13 April 2017 or such other date and/or time as the Underwriters and the Company may agree as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue
“Last Trading Day”	Tuesday, 28 February 2017, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Termination”	4:00 p.m. on the first business day after the latest time for acceptance of the Rights Issue or such other time as may be agreed between the Company and the Underwriter
“Mr. Wong TC”	Mr. Wong Ryan Tai Cheong, the sole shareholder of KMW Investments
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with register address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	together, the Prospectus, the PAL and the EAF



“Prospectus Posting Date”	Tuesday, 25 April 2017, or such other date as the Underwriters may agree in writing with the Company, being the date of posting of the Prospectus Documents by the Company to the Qualifying Shareholders
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than those Excluded Shareholders, if any
“Record Date”	Monday, 24 April 2017, the record date to determine entitlements to the Rights Issue
“Rights Issue”	the issue of not less than 958,464,000 Rights Shares and not more than 975,104,000 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SBI China”	SBI China Capital Financial Services Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), one of the Underwriters
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Share Options”	the share options granted by the Company entitling the holders thereof to subscribe for Shares pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 9 December 2011
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strong Light”	Strong Light Investments Limited, a company incorporated in Hong Kong and wholly-owned by Mr. Wong TC’s parents, and the legal and beneficial owner of 29,556,000 Shares
“Subscription Price”	the subscription price of HK\$0.14 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	collectively, KMW Investments and SBI China
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriters dated Tuesday, 28 February 2017 in relation to the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriters up to a maximum of 847,396,400 Rights Shares
“Untaken Shares”	Rights Shares not taken up at or before 4:00 p.m. on the date of acceptance of, and payment for, the Rights Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**Food Idea Holdings Limited**  
**Wong Hoi Yu**  
*Chairman and executive Director*

Hong Kong, 28 February 2017

*As at the date of this announcement, the Board comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive Directors, and Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.foodidea.com.hk>.*