
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee. The Prospectus Documents should not, however, be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the 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 their respective commencement dates of dealings in the Rights Shares 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

Capitalised terms used in this cover shall have the same meanings as defined in the Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 2 May 2017 to Wednesday, 10 May 2017 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed. Any person contemplating dealings in the nil-paid Rights Shares during the period from Tuesday, 2 May 2017 to Wednesday, 10 May 2017 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealings in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed “Termination of the Underwriting Agreement” on pages v to vi of this Prospectus. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is 4:00 p.m. on Monday, 15 May 2017. The procedure for acceptance and transfer is set out on pages 6 to 7 of this Prospectus.

27 April 2017

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in separate announcement(s) by the Company as and when appropriate.

Event	2017
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Commencement of dealings in nil-paid Rights Shares	9:00 a.m. on Tuesday, 2 May
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Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Friday, 5 May
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Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 10 May
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Latest time for acceptance of and payment for the Rights Shares and the application for excess Rights Shares	4:00 p.m. on Monday, 15 May
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Latest time for Termination	4:00 p.m. on Tuesday, 16 May
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Announcement of the allotment results of the Rights Issue	Monday, 22 May
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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	Tuesday, 23 May
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Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 24 May
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All references to time in this Prospectus are references to Hong Kong time. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced by the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance (being the latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares) will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 15 May 2017. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 15 May 2017. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Monday, 15 May 2017, the dates mentioned in the expected timetable above may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

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 Underwriters, 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 thereof) 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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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 Underwriters, 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.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 28 February 2017 in relation to the Rights Issue
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holiday) on which banks generally are open for business in Hong Kong
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Food Idea Holdings Limited (stock code: 8179), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) issued to the Qualifying Shareholders in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company held on 12 April 2017, to approve, among other things, the Rights Issue

DEFINITIONS

“Excluded Shareholder(s)”	those Overseas Shareholder(s) who, in the opinion of the Directors based on enquiry made in compliance with the GEM Listing Rules, are necessary or expedient to be excluded from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside
“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”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders who were 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) (as defined in the GEM Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“KMW Investments”	KMW Investments Limited, being a company incorporated in the BVI and wholly-owned by Mr. Wong TC, which is one of the Underwriters
“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 the Announcement
“Latest Lodging Date”	4:00 p.m. on Wednesday, 19 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

DEFINITIONS

“Latest Practicable Date”	20 April 2017, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Monday, 15 May 2017 or such other date and/or time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of and payment for the Rights Shares and for the application and payment for excess Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 16 May 2017, being the first business day after the Latest Time for Acceptance or such other time as may be agreed between the Company and the Underwriters
“Mr. Wong TC”	Mr. Wong Ryan Tai Cheong, the sole shareholder of KMW Investments
“Overseas Shareholder(s)”	those persons whose addresses as shown on the register of members of the Company as at the Record Date are resident in a place outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, for the purpose of this Prospectus excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“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”	Thursday, 27 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)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date

DEFINITIONS

“Record Date”	Wednesday, 26 April 2017, the record date to determine entitlements to the Rights Issue
“Registrar”	Union Registrars Limited, the Company’s share registrar and transfer office in Hong Kong
“Rights Issue”	the issue of the 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 which will be a total of 958,464,000 Rights Shares
“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”	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 ordinary 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

DEFINITIONS

“Subscription Price”	the subscription price of HK\$0.14 per Rights Share
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 23 March 2017 entered into between the Company and the Underwriters in relation to the modification and variation of certain terms in the Underwriting Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	collectively, KMW Investments and SBI China
“Underwriting Agreement”	the underwriting agreement dated 28 February 2017 (as supplemented by the Supplemental Underwriting Agreement) entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement as supplemented by the Supplemental Underwriting Agreement
“Untaken Shares”	Rights Shares not taken up by the Qualifying Shareholders under PALs or EAFs at or before the Latest Time for Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

Executive Directors:

Mr. Wong Hoi Yu (*Chairman*)

Mr. Yu Ka Ho (*Chief executive officer*)

Independent Non-executive Directors:

Mr. Kwan Wai Yin, William

Mr. Li Fu Yeung

Mr. Tam Lok Hang

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal place of business
in Hong Kong:*

Room A, 6/F

CNT Tower

338 Hennessy Road

Wan Chai

Hong Kong

27 April 2017

To the Qualifying Shareholders,

and for information only, the holder of the Share Options

Dear Sir/Madam,

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

INTRODUCTION

On 28 February 2017, the Company proposed to raise not less than approximately HK\$134 million and not more than 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 957,104,000 Rights Shares at the Subscription Price of HK\$0.14 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders. The Rights Issue was approved by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, financial information and other general information of the Group.

RIGHTS ISSUE

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 Latest Practicable Date	:	958,464,000 Shares
Number of Rights Shares to be issued	:	958,464,000 Rights Shares
Underwriters	:	KMW Investments Limited and SBI China Capital Financial Services Limited
Enlarged issued share capital upon completion of the Rights Issue	:	1,916,928,000 Shares
Aggregated nominal value of the Rights Shares:	:	HK\$9,584,640

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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. None of the Share Options had been exercised on the Latest Lodging Date. Since the register of members of the Company to determine the entitlement of Rights Issue shall close from 20 April 2017 to 26 April 2017, issue of new Shares (if any) pursuant to the exercise of the Share Options after the Latest Lodging Date shall have no impact to the Rights Issue.

As at the Latest Practicable Date, the Company had 958,464,000 Shares in issue and which will remain the same on the Record Date. Hence, 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.

Save as disclosed above, as at the Latest Practicable Date, 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.

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.

The Company will send the Prospectus Documents, including this Prospectus, the PAL and the EAF, to the Qualifying Shareholders. The Company will send this Prospectus to the Excluded Shareholders (if any) for their information only and will not send the PAL and the EAF to such Excluded Shareholders.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company as at the Latest Practicable Date, the Company has one Overseas Shareholder with address in the PRC. Pursuant to Rule 17.41 of the GEM Listing Rules, the Company has made an enquiry regarding the legality and feasibility of extending the offer of the Rights Issue to such Overseas Shareholder. Based on the legal opinion from the legal adviser of the Company as to the PRC laws, there is no restriction to extend the Rights Issue to such Overseas Shareholders in the PRC. Accordingly, the Rights Issue will be extended to such Overseas Shareholder and the Prospectus Documents will be sent to such Overseas Shareholder. Save for the aforesaid Overseas Shareholder, all Shareholders on the Company's register of members as at the Latest Practicable Date had addresses in Hong Kong. As such, there existed no Excluded Shareholders..

LETTER FROM THE BOARD

Excluded Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. Accordingly, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus with a letter in agreed form explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only but will not send the PAL nor the EAF to the Excluded Shareholders. Based on the register of members of the Company as at the Latest Practicable Date, there was no Excluded Shareholder and which remains the same on the Record Date. As such, no Shareholder will be excluded from participating in the Rights Issue.

Subscription Price

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

The Subscription Price represents:

- (i) a discount of approximately 4.1% to the closing price of HK\$0.146 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 17.65% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 16.07% to the average of the closing prices of approximately HK\$0.1668 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iv) 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. With reference to the 12 rights issue transactions announced by companies listed on the Stock Exchange during the six-month period prior to the date of the Underwriting Agreement (the "**Rights Issue Comparable(s)**"), the subscription prices of all of the Rights Issue Comparables are set at a discount to the respective closing price per share on the last trading day, ranging from approximately 15.20% to approximately 76.19% with an average discount of approximately 38.08%. Having considered that

LETTER FROM THE BOARD

the Subscription Price represented a discount of approximately 17.65% to the closing price per Share on the Last Trading Day, which is lower than the average discount but within the range of discounts of the Rights Issue Comparables, the Directors are of the view that the discount of the Subscription Price to the market price is fair and reasonable and in the interest of the Company and the Shareholders.

The Directors (including the independent non-executive Directors) 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, i.e. by 4:00 p.m. on Monday, 15 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 Registrar by the Latest Time for Acceptance.

LETTER FROM THE BOARD

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by not later than 4:00 p.m. on Monday, 15 May 2017. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **"Food Idea Holdings Limited – Rights Issue"** and crossed **"ACCOUNT PAYEE ONLY"**. It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 15 May 2017, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Friday, 5 May 2017 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

If the Underwriters exercise the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 23 May 2017.

No receipt will be issued in respect of any application monies received.

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 and signing 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 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.

In the event that the Board noted unusual patterns of excess applications and had reason to believe that any application may have been made with the intention to abuse the mechanism when applying the allocation principle (i) above, such application for excess Rights Shares may be rejected at the sole discretion of the Board.

LETTER FROM THE BOARD

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.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong at or before 4:00 p.m. on Monday, 15 May 2017. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **"Food Idea Holdings Limited – Excess Application"** and crossed **"ACCOUNT PAYEE ONLY"**. The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Monday, 22 May 2017.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, being 958,464,000 Rights Shares, such application (other than from a nominee company) would be treated as invalid and be rejected. If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post by the Registrar at his/her/its own risk on or before Tuesday, 23 May 2017. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Tuesday, 23 May 2017.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or a cashier's order is dishonoured on first presentation is liable to be rejected.

LETTER FROM THE BOARD

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriters exercise the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 23 May 2017.

Application for listing

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and the 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, the 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 or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the 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 requirement 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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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.

LETTER FROM THE BOARD

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.

Share certificates and refund cheques for the Rights Issue

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 Tuesday, 23 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 Tuesday, 23 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 are also expected to be posted on or before Tuesday, 23 May 2017 by ordinary post at the risk of the Shareholders. Each Shareholder will receive one share certificate for all allotted Rights Shares.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

The Rights Issue is conditional upon the followings:

- (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;

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- (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 and procure his spouse to subscribe for 21,348,000 Rights Shares to which Mr. Wong TC and his spouse are 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 Tuesday, 16 May 2017, the Latest Time for Termination, or such later date or dates as the Underwriters may agree with the Company in

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, save for condition (i), none of the above conditions had been satisfied. conditions (ii) and (iii) above are expected to have been fulfilled on the Posting Date.

UNDERWRITING ARRANGEMENT

Date of the Underwriting Agreement	:	Tuesday, 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	:	Up to 847,396,400 Rights Shares (on the assumption made as at the date of the Underwriting Agreement that a total of 16,640,000 new Shares have been allotted and issued upon full exercise of the outstanding Share Options on or before the Record Date)
Commitment of KMW Investments under the Underwriting Agreement	:	224,000,000 Underwritten Shares
Commitment of SBI China under the Underwriting Agreement	:	606,756,400 Underwritten Shares
Commissions	:	SBI China will receive a commission in respect of its 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

LETTER FROM THE BOARD

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 BVI with limited liability. As at the Latest Practicable Date, 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. As advised by Mr. Wong TC, he is the son of Mr. Wong Kwan Mo and Ms. Lau Lan Ying, the former executive Directors and controlling shareholders 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 the 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.

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The Company initially approached three licensed corporation underwriters (excluding KMW Investments) for the proposed Rights Issue. SBI China, amongst the three 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. Since the first two potential underwriters had indicated to the Company that they are not interested in taking up any Rights Shares at the proposed Subscription Price, the Company approached two other underwriters for the underwriting arrangement in respect of those Underwritten Shares not taken up by SBI China.

Given that the low commission rate and the slight discount of the subscription price to the trading price of the Shares, all of them was not interested and refused to propose any terms to the Company. The Directors are of the view that it was not reasonable and not in the interest of the Company and the Shareholders to increase the commission rate in order to attract the other underwriters to take up the remaining Underwritten Shares. Further, there is no guarantee how much commission rate would be attractive at all given that the prevailing commission rates are within the range of 2% to 3.5% and some underwriters even charge for 5% or more. 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. 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. For avoidance of doubt, KMW Investments will not be entitled to any underwriting commission.

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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 first Business Day after the Latest Time for Acceptance, notify or procure the Company's share registrar and transfer office 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 606,756,400 Rights Share, being the maximum commitment of SBI China under the Underwriting Agreement).

LETTER FROM THE BOARD

Undertakings

Undertaking from KMW Investments

As at the Latest Practicable Date, 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 the Underwriters 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 Latest Practicable Date, 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 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 Latest Practicable Date, Mr. Wong TC and his spouse are 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, and procure his spouse not to, dispose to any person, save for his spouse, of any of the 21,348,000 Shares registered in his or his spouse's name 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, and to procure his spouse to subscribe for, 21,348,000 Rights Shares to which he and his spouse are entitled to under the Rights Issue.

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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 Underwriters, 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 thereof) 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

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- (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 Underwriters, 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.

LETTER FROM THE BOARD

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

As at the Latest Practicable Date, the Company had 958,464,000 Shares in issue which remain the same on the Record Date.

The table below depicts the shareholding structure of the Company as at the Latest Practicable Date; and immediately upon completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after the completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after the completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than KMW Investments, Strong Light, Mr. Wong TC and his spouse	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
KMW Investments	76,803,600	8.01	153,607,200	8.01	377,607,200	19.70
Strong Light	29,556,000	3.08	59,112,000	3.08	59,112,000	3.08
Mr. Wong TC and his spouse	21,348,000	2.23	42,696,000	2.23	42,696,000	2.23
Sub-total (note 1)	127,707,600	13.32	255,415,200	13.32	479,415,200	25.01
Public Shareholders	830,756,400	86.68	1,661,512,800	86.68	830,756,400	43.34
SBI China	–	–	–	–	374,300,925	19.53
The sub-underwriters (note 2):						
China System Securities Limited	–	–	–	–	40,954,368	2.13
China Industrial Securities						
International Capital Limited	–	–	–	–	191,501,107	9.99
Total	958,464,000	100.00	1,916,928,000	100.00	1,916,928,000	100.00

Notes:

- the sub-total figures represent the aggregate of (a) the Shares owned by KMW Investments, Strong Light, Mr. Wong TC and his spouse; (b) the Rights Shares to be taken up by KMW Investments, Strong Light, Mr. Wong TC and his spouse; 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 Latest Practicable Date, SBI China entered into sub-underwriting agreements with two sub-underwriters which are third parties independent of the Company and its connected persons and will be public shareholders, for an aggregate of 232,455,475 Underwritten Shares and none of them will hold 10.00% or more of equity interest and voting rights in the Company upon completion of the Rights Issue.

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As at the Latest Practicable Date, SBI China and its respective close associates did 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 19.53% in the share capital of the Company as enlarged by the issue of the Rights Shares. However, scenario (iii) is for illustration only.

As at the Latest Practicable Date, SBI China entered into sub-underwriting agreements with two subunderwriters to sub-underwrite the Underwritten Shares. Save for the sub-underwriting arrangement disclosed above, SBI China had not entered into any sub-underwriting arrangement. In the event that SBI China subsequently enters into any further sub-underwriting arrangement, 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 above sub-underwriters is a 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 while KMW Investment's ordinary course of business does not include underwriting.

ADJUSTMENTS IN RELATION TO THE SHARE OPTION SCHEME

Pursuant to the terms of the Share Option Scheme, the exercise price of the outstanding 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 outstanding Share Options the required adjustment(s) as soon as practicable and details of adjustments will be set out in the the Rights Issue results announcement.

According to the terms of the Share Option Scheme, the adjustment to the subscription price of the Share Options would not affect the number of Shares to be issued upon exercise of the subscription rights attached to the Share Options.

LETTER FROM THE BOARD

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

As at the Latest Practicable Date, a commercial unit in Wanchai was leased by the Group for office use. The Company decides to acquire for an office premises not because of any particular urgent need but is of the view that it is in the best interest of the Company and the Shareholders as a whole as (i) the acquisition of commercial property for its office use allows the Group to save rental costs from a long term perspective; and (ii) the commercial property will appreciate in the long run. Having considered that the property market has slowed down, the Company has been actively looking for a potential commercial property suitable for office use and at the same time for capital appreciation. However, the Company has no plan to focus on property investment and develop it as one of its business segments in future. As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

Food Operation Business

The Food Operation Business was operated by the non wholly-owned subsidiaries of the Company to produce and supply barbequed food and 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 submitted a tender to a university in February 2017 but was informed that the tender was unsuccessful. The Board is in negotiation with relevant parties to operate canteens for tenants of industrial buildings. As at the Latest Practicable Date, no binding agreement was entered into. 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, including payments of rental and utilities deposit, leasehold improvements and air conditioning, renovation and design, purchase of kitchen utensils and consumables, furniture and fixtures and engagement of professional parties to apply for the necessary licences. 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, overdraft and other borrowing. 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 January 2017, the total loans and advances of all authorised money lending institutions in Hong Kong increased from approximately HK\$2,553 billion in January 2007 to approximately HK\$8,023 billion in December 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\$19.63 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, has received loan enquiries amounted to not less than HK\$33 million over the two months before the date of the Underwriting Agreement.

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.

LETTER FROM THE BOARD

Pursuant to our record, the aggregate loans offered was of approximately HK\$234 million and HK\$342 million up to 31 December 2015 and up to 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 by 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 a 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. In the first half year of 2016, the Group invested HK\$1 million in securities of a non-listed company, and up to the Latest Practicable Date, the Group has received dividends of a total of HK\$200,000, representing a return of 20% in less than one year. Based on the fact that the non-listed securities investment has been generating satisfying returns (e.g. interest and dividends) to the Group, the Board intends to pursue and further invest in non-listed companies of growth potentials. As at the Latest Practicable Date, the Board was reviewing and negotiating the terms of securities investment in non-listed companies of growth potentials and no binding agreement has been entered into.

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). As at the Latest Practicable Date, the Group was still in the course of identifying potential 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(s) in relation to such transaction(s) as and when appropriate.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND 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 approximately HK\$132 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 annual 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 the year ended 31 December 2016 amounted to approximately HK\$26.6 million. With reference to the net cash and bank balances of the Group of HK\$5.9 million as at 28 February 2017, assuming net expenses in 2017 remains the same, there will be a shortfall of cash of approximately HK\$16.3 million for the remaining ten months in 2017. 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 trading price of the Shares. The Directors (including the independent non-executive Directors) 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.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
20 December 2016	Placing of new Shares	HK\$22.8 million	For the development of the Group's money lending business	Provision of loans to less than 5 individuals which, in aggregate, amounted to, 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\$19.63 million	For the development of the Group's money lending business	Provision of loans to less than 5 individuals which, in aggregate, amounted to, 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 12 months immediately preceding the Latest Practicable Date.

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. Notwithstanding the Group's plan to expand its loan book by HK\$150 million by end of 2017, the Directors are of the view that there is no guarantee of the demand for loan in future and so it is prudent to plan for further fund raising activities only when the net proceeds of HK\$60 million earmarked for money lending business has almost used up and the Company has received loan enquiries by then. Thus, as at the Latest Practicable Date, the Board had not formed any plan for further fund raising activities.

LETTER FROM THE BOARD

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

The Shares has been dealt in on ex-rights basis from Tuesday, 18 April 2017. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 2 May 2017 to Wednesday, 10 May 2017 (both days inclusive). The Rights Issue is conditional upon the fulfillment of the conditions set out under the paragraph headed “Conditions of the Rights Issue” above. The Underwriters are entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, as described in the paragraph headed “Termination of the Underwriting Agreement” above.

Any Shareholders or other persons contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealings in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Tuesday, 2 May 2017 to Wednesday, 10 May 2017 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2014, 2015 and 2016 are disclosed on pages 37 to 114 of the 2014 annual report published on 30 March 2015, pages 45 to 144 of the 2015 annual report published on 30 March 2016 and pages 47 to 150 of the 2016 annual report published on 30 March 2017 respectively, which are published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.foodidea.com.hk>). Please refer to the hyperlinks as stated below:

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0330/GLN20150330337.pdf>

2015 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0330/GLN20160330391.pdf>

2016 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2017/0330/GLN20170330405.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Prospectus, the indebtedness of the Group was as follows:

(i) Secured bank borrowings

The Group had outstanding bank borrowings of approximately HK\$3,421,000, which were secured by the Group's pledged bank deposits, leasehold land and building, limited guarantees by Hong Kong Mortgage Corporation Limited and the government of the Hong Kong Special Administrative Region and unlimited guarantees by a non-controlling shareholder and a director of a subsidiary of the Group.

(ii) Unsecured other borrowings

The Group had outstanding unsecured and non-guaranteed other borrowings of approximately HK\$1,407,000 advanced from a non-controlling interest of the Group.

(iii) Other indebtedness

The Group had outstanding promissory note (including accrued interest) payable of approximately HK\$71,762,000 to Mr. Wong Tai Chun, brother of the substantial shareholder of the Company, which is unsecured and non-guaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Group since 28 February 2017, being the latest practicable date for determining Group's indebtedness up to the date of this Prospectus.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group will, taking into account the net proceeds from the Rights Issue and the financial resources available to the Group, have sufficient working capital for its present operating requirements and for at least the next twelve months from the date of this Prospectus, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2016 being the date to which the latest published audited financial statements of the Group was made up.

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS**Business Review**

The Group's principal activities during the year ended 31 December 2016 were (i) catering services; (ii) production, sales and distribution of food products to supermarket chains in Hong Kong, (iii) investments in securities; and (iv) money lending business.

Despite significant efforts undertaken by the Group to expand its catering services, the Group suffered from the deteriorating financial results in light of the severe market competition, the weakening local economy and customer sentiments, and the rising costs of food, labour and rental in the past few years. In respect of the segment results in catering services of the Group, the catering services was the under-performed segment as compared with the other segments. Based on the annual report of the Company for the year ended 31 December 2015, the Group recorded a segmental loss of approximately HK\$13.21 million in catering services for the year ended 31 December 2015, as compared to the profit of approximately HK\$10.71 million for the year ended 31 December 2014.

Should the Company keep operating the Chinese restaurant business, apart from continuous operating loss, the Group will have to make substantial capital commitment due to refurbishment of certain restaurants whose rental contracts will expire and subject to renewal in the upcoming few years.

Having considered (i) the deteriorating results of the Chinese restaurant business which has already exerted a significant pressure on the overall profitability of the Group; (ii) the estimated capital expenditures to be undertaken by the Group as mentioned above; and (iii) the unfavourable market conditions surrounding the restaurant business in Hong Kong, the Board considers that the disposal of the Chinese restaurant business (the “Disposal”) represented a good opportunity not only to dispose of its loss-making business but also to unlock the maximum value for the shareholders.

Remaining businesses of the Group after the Disposal

The Disposal was completed on 1 August 2016. Following the Disposal, the remaining businesses of the Group comprise food products operation, investments in securities, money lending business and dessert catering business.

Food products operation

The food products operation had a steady growth during the year ended 31 December 2016.

For the year ended 31 December 2016, the food products operation recorded revenue of approximately HK\$89.74 million (2015: HK\$88.82 million) with a segment profit of approximately HK\$1.67 million (2015: HK\$1.29 million).

As disclosed in the paragraphs headed “Business plan for 2017” in the letter from the Board of this prospectus, the Board is in negotiation with relevant parties to operate canteens for tenants of industrial buildings. As at the Latest Practicable Date, no binding agreement was entered into.

Securities Investment Business

As at 31 December 2016, the Group had a portfolio of securities investment of approximately HK\$92.89 million (2015: HK\$422.57 million) and approximately HK\$66.32 million (2015: HK\$359.79 million) of which were equity securities listed in Hong Kong. During the year ended 31 December 2016, the Group recorded a net unrealised loss of approximately HK\$32.62 million from continuing operations and net unrealised loss of approximately HK\$2.65 million from discontinued operation (2015: net unrealised gain of approximately HK\$154.90 million from continuing operations and net unrealised loss of approximately HK\$3.58 million from discontinued operation) in its entire securities investment.

During the year ended 31 December 2016, the Group recorded a net realised loss of approximately HK\$255.58 million from continuing operations and net realised loss of approximately HK\$0.01 million from discontinued operation (2015: net realised loss of approximately HK\$12.65 million from continuing operations and net realised loss of approximately HK\$0.43 million from discontinued operation) in its entire securities investment.

As at 1 January 2016, the investment in equity securities listed in Hong Kong included mainly the shares of L & A International Holdings Limited (“L&A shares”). The Group was aware of the trading price of the L&A shares being extremely volatile in early July 2016. Having regard to the market conditions and the trading price of L&A shares, the Group disposed of all the on-hand L&A shares on 6 July 2016 and recorded a realised loss of approximately HK\$261.64 million. Despite the fact that a substantial realised loss was recorded for the year ended 31 December 2016 for the disposal of L&A shares, a realised gain of approximately HK\$6 million was recognised when the sales proceeds of the disposal was compared with the acquisition costs of the abovementioned L&A shares. Therefore, the Board considered that the disposal was beneficial to the Group. Details of the disposal of L&A shares are set out in the Company’s announcements dated 6 July 2016 and 8 July 2016.

The Group’s investment portfolio is subject to the volatility of the market. The management will cut losses on certain investments which will be in vulnerable position and keep those with better prospect.

The Group will continue to monitor the existing portfolio closely to maximise the return prospect for the investments.

As disclosed in the paragraphs headed “Business plan for 2017” in the letter from the Board of this prospectus, the Group intends to pursue and further invest in non-listed companies of growth potentials and look for investment opportunity in licensed corporation(s) which is/are licensed to conduct regulatory activities, such as securities trading, underwriting and placing, under the SFO.

Money Lending Business

Since the commencement of the money lending business in June 2015, the Group's money lending business has grown in a rapid pace. During the year ended 31 December 2016, it had generated interest income of approximately HK\$8.33 million (2015: HK\$3.41 million) and recorded a segment profit of approximately HK\$6.85 million (2015: HK\$2.86 million).

An aggregate loan of approximately HK\$342.37 million (2015: HK\$234.34 million) with effective interest rate ranging from 3% to 24% per annum (2015: 3% to 24% per annum) had been built up by Group during the year ended 31 December 2016, of which approximately HK\$188.05 million (2015: HK\$106.16 million) was repaid by its customers. As at 31 December 2016, the outstanding loan receivables of the Group amounted to approximately HK\$154.32 million (2015: HK\$128.18 million). All loans advanced by the Group are either secured by mortgages, legal charges over listed securities in Hong Kong or secured by personal guarantee.

Over the two months before the date of the Underwriting Agreement, the Company, has received loan enquiries amounted to not less than HK\$33 million. As such, the Group intends to expand its loan book by HK\$150 million by end of 2017, subject to the assessment on the borrowers and the quality of the collaterals.

Dessert Catering Business

The Group started its expansion, through its associate (the "Lucky Dessert Group"), into the dessert catering business, "Lucky Dessert 發記甜品" in the PRC in 2015.

However, the opening progress of dessert catering restaurants cannot keep pace with the original plan. Given (i) the economy of the PRC experienced slowdown since the commencement of the dessert catering business; (ii) the consumption sentiment in the PRC remained lackluster; (iii) the fierce competition in dessert industry in the PRC, which was further intensified by the emergence of e-commerce platform such as "We Chat Ordering and Payment", "Ele.Me", "Meituan Waimai", "Alipay" and "Dianping.com Instant Meal Discounts" and the change of consumption pattern to online channel; (iv) growing numbers of shopping malls being developed in cities which led to a diversification of customer flow in each shopping mall and (v) the continuous rising in the operating costs, such as rental expenses and labour costs in the PRC, the Lucky Dessert Group had encountered difficulties in either obtaining desirable restaurant sites for self-operated retail stores or secured sub-franchising agreements on commercially acceptable terms. These factors materially and adversely affected the growth strategy and the expected results.

Included in the interest in an associate of an intangible asset of approximately HK\$146 million represented the cost of trademarks licensing rights “Lucky Dessert 發記甜品”, the exclusive rights to use and to grant the license to third parties for using the trademarks to conduct dessert catering business in the PRC for a term of fifteen years commencing from 29 September 2014. As a result of the abovementioned factors, the Group recognised a share of loss of an associate of approximately HK\$38.15 million for the year ended 31 December 2016, of which approximately HK\$29.80 million and HK\$7.05 million represented the impairment and amortisation of the trademarks licensing rights, after netting off against the corresponding deferred tax credit of approximately HK\$12.28 million in aggregate.

As at 31 December 2016, the Lucky Dessert Group had one self-operated dessert catering restaurant and licence rights were granted to two operators to operate another three in Tianjin and Taiyuan, Shanxi.

The Lucky Dessert Group will decisively discontinue or adjust the business of outlets with subpar revenue contribution after careful assessment. Resources will be concentrated on existing profitable restaurants to boost revenue. The management reckons that Lucky Dessert possesses the distinctive attributes to be a competitive brand in China’s causal catering industry.

Financial Review

During the year ended 31 December 2016, the Group’s revenue from continuing operations amounted to approximately HK\$100.78 million which was approximately 8% higher than that of the last year. The increment was mainly due to the rise in (i) revenue of food products operation; (ii) interest and dividend from investments in securities, and (iii) interest income (net of inter segment elimination) generated from the money lending business segment to approximately HK\$89.74 million, HK\$2.71 million and HK\$8.33 million respectively for the year ended 31 December 2016 (2015: HK\$88.82 million, HK\$1.08 million and HK\$3.41 million respectively).

Loss attributable to the owners of the Company from continuing operations was approximately HK\$320.92 million for the year ended 31 December 2016, a significant drop as compared to the profit of approximately HK\$111.93 million in last year. Such significant drop was mainly attributable to (i) the net realised loss from financial assets at FVTPL amounting to approximately HK\$255.58 million for the year ended 31 December 2016; (ii) the drop of net unrealised gain on fair value change of financial assets at FVTPL from approximately HK\$154.90 million for the year ended 31 December 2015 to net unrealised loss of approximately HK\$32.62 million for the year ended 31 December 2016 and (iii) the share of loss of an associate of approximately HK\$38.15 million.

The cost of inventories consumed from continuing operations for the year ended 31 December 2016 amounted to approximately HK\$37.75 million (2015: HK\$36.13 million). The cost of inventories consumed was approximately 42% (2015: 41%) of the Group's revenue on food products operation businesses during the year ended 31 December 2016. The Group will keep the strategy on bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing.

Employee benefits expenses from continuing operations for the year ended 31 December 2016 amounted to approximately HK\$32.27 million (2015: HK\$28.55 million). The increase was mainly due to the development of money lending business and the wage adjustments to retain experienced staff under the inflationary environment during the year ended 31 December 2016. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

The operating lease rental and related expenses from continuing operations for the year ended 31 December 2016 amounted to approximately HK\$4.89 million (2015: HK\$2.64 million). The increase was mainly due to the new leasing of office premise and a yacht for business purpose.

Outlook and prospects

The management strives to diversify the Group's existing business and broaden its source of income.

For the food products operation, the management is committed to bolster the customer base. The Group continues to search for suitable sites with high traffic flow for expansion and will continue to review the performance of its concessionaire stores and close the underperforming locations.

The Group is also proactively monitoring the rising food costs, labour costs and rental expenses in order to raise the operational efficiencies of the food products operation.

The Group will actively seek for opportunities to expand its money lending business. The Board intends to expand its loan book by 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 collaterals.

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 with growth potentials. The management will monitor the risk exposure regularly and adjust the investments portfolio when necessary, while selectively choose those with the most balanced risk and return potential.

The Group has also been approached by potential franchisees of the trademark “Lucky Dessert” for running the dessert catering business in the PRC. The Group will explore opportunities to further develop its dessert catering business.

Principal Risks and Uncertainties

The Directors are aware that the Group is exposed to a variety of risks, some are specific to the business in which the Group operates while others are common risks that most businesses face. Procedures have been established by the Directors to ensure significant risks that may adversely affect the Group’s operation and performance are identified and corresponding measures are in place to mitigate those risks. The following are the most significant risks identified as at 31 December 2016. If any of these events occur, the Group’s businesses, financial conditions, results of operations and/or prospects of the Group could be materially and adversely affected. These key risks are by no means exhaustive or comprehensive, and there may be other risks, in addition to those highlighted below, which are not known by the Group or which may not appear significant now but could turn out to be so in the future. Key risks related to the Group’s businesses and to the industries in which the Group operates include:

The Group’s business is affected by changes in the economic, political and social conditions

As the Group generates income from its business and operation mainly in Hong Kong, the economic, political and social conditions in Hong Kong, together with the business environment and its development, will have a direct impact on the Group’s financial performance and operational results. In addition, Hong Kong’s economy and business environment is open to influences from conditions and developments of the world economy as well as the economic and business environment of other territories relevant to Hong Kong such as the PRC.

There is no assurance that any changes in the world economy or the economic, political, social and business environment in Hong Kong will continue to have a positive effect on the Group's business and operation in the future.

Money Lending Business

We are exposed to credit risks of our customers who may default on their loans

The Group engages in money lending business which provides financing to customers for earning interest income. The business is therefore subject to risks that the customers may fail to perform their contractual obligations and default on payment of interest and/or the principal. In the event that the customers are late with their payments, the Group's credit collection staff will contact such customers to remind them of their late repayment. Where, after multiple reminders, the customer does not repay such outstanding amounts, or where the Group is unable to locate such customer, the Group may consider commencing legal proceedings in order to enforce its secured interest against any such assets. If the customers delay or default on their payments, the Group may have to incur additional legal costs and expenses in order to enforce its security and/or make provision for impairment or write-off the relevant loans and interest receivables, which in turn may adversely affect its financial position and profitability.

The Group may fail to renew its money lenders licence

The Group's money lending business is subject to licensing requirements under the provisions of the Money Lenders Ordinance. Money lenders licences are granted by the Licensing Court and are renewable annually subject to satisfaction of all licensing conditions. The Licensing Court has the discretion to suspend or revoke a licence if a licensee is in breach of any licensing conditions. In the event that the Group is unable to renew its money lenders licence in a timely manner or if the Licensing Court or other relevant authorities do not approve the application for a renewal of its money lenders licence, the Group may not be able to operate its business until such time as the Group receives a new licence, which may have a material adverse effect on its financial condition and results of operation.

The Group may not be able to obtain sufficient funding to finance its money lending operation

Up to the date of this annual report, the Group's money lending business was primarily financed by (i) cash flow from the operating activities; and (ii) two placings for a net proceeds of approximately HK\$19.63 million and approximately HK\$22.8 million in July 2016 and December 2016 respectively. The Group may need additional capital to fund its expansion and growth and to increase its loan portfolio. There is no assurance that the Group will generate sufficient cash flow from the operating activities for the intended expansion plans. In the event that the Group does not have such operating cash flow, the Group may need to obtain alternative financing. However, as a result of actions taken by the Hong Kong government, as well as banks and financial institutions to prevent overheating in the property market since the end of 2013, the Group has experienced difficulties in obtaining financing from banks and financial institutions, which has resulted in the Group seeking more expensive financing alternatives and an increase in its finance costs.

There is no assurance that the Group will be able to obtain adequate financing from other sources on acceptable terms or at all. As the Group does not anticipate being able to obtain financing from banks and financial institutions in the near future, the Group may be required to seek more expensive financing alternatives which may result in an increase in its finance costs and adversely affect its financial position. In addition, any expansion plans will be limited by its capacity to obtain financing from sources other than banks or financial institutions and the Group may be required to scale back its planned expansion, which may adversely affect its ability to execute the planned growth strategy.

The value or the residual value of the pledged property may not be sufficient to cover the exposure of the loans

The Group have granted certain property mortgage loans, including first mortgage loans and subordinated mortgage loans to its customers. All of these outstanding balances were secured by properties pledged to the Group. However, if the value or the residual value of the mortgaged property declines and the borrower is unable to repay the full value of the loan, the safety margin of the Group's outstanding loans will be reduced and the risk of recovering its exposure to such loan will be increased. Failure to recover the Group's exposure to any loan would adversely affect the profitability of the money lending business.

The Group's business may be affected by changes in the Money Lenders Ordinance

The Group's business operation is regulated under the Money Lenders Ordinance and full compliance with such regulation is essential for us to carry on the money lending business. Notwithstanding this, the relevant regulatory authorities may from time to time amend the Money Lenders Ordinance or adopt new laws and regulations applicable to licensed money lenders in Hong Kong. The Group's operation, financial performance and business prospects may be materially and adversely affected if the Group is not able to comply with any changes and/or new requirements in applicable laws and regulations related to the money lending industry in Hong Kong.

Food products operation***Most of the Group's revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong***

Approximately 90% of the revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong. The management anticipates that such business will remain core in the foreseeable future. As at 31 December 2016, we operated over 60 concessionaire stores in supermarket chains in Hong Kong.

Competition in the Hong Kong food products operation is keen, and the operating results may fluctuate from time to time subject to various factors, including customers' taste and economic performance. Most of these factors fall outside the Group's control. If we are not able to compete with the competitors, in terms of brand recognition, price levels and food and service quality, the business could be adversely affected.

Should the supermarket chains discontinue the concessionaire store agreements with the Group, the Group's operation, financial performance and business prospects may be materially and adversely affected.

Food safety issue

Given the nature of the food production industry, the Group faces an inherent risk of food contamination and product liability claims. Any outbreak of contamination, allegations of poor standards of hygiene or cleanliness, adverse publicity resulting from publication of industry findings or research reports in relation to any of food ingredients used by the Group could affect public confidence in the Group's food products that may lead to a loss in consumer confidence and reduction in consumption of the particular food product concerned. The Group may also have to incur additional costs in placating any customers or salvaging its reputation or may have to look for alternative sources of food supply which may be more costly.

Securities investments

The performance of the Group's securities investment business is determined by its investment decisions and judgement. Such are based on the management's assessment of existing and future market conditions. The management closely monitors the market value and financial performance of the Group's investment portfolio. If the decision-making for the investments fails, or actual changes in market conditions differ from the projection of the management, the securities investment business may suffer and not achieve the investment returns the Group anticipate, which would materially adversely affect the Group's business, financial condition and results of operations.

Catering Services

The Lucky Dessert Group's business depends significantly on the market recognition of the trademarks "Lucky Dessert 發記甜品" ("Trademarks"), and any damage to the Trademarks could materially and adversely impact the business and results of operations

The Lucky Dessert Group is the sole authorised franchisee of the Trademarks for fifteen years in the PRC under a trademarks licensing agreement dated 29 September 2014. Any incident that erodes consumer trust in or affinity for the Trademarks could significantly reduce its value. As the Lucky Dessert Group intends to expand geographically and grow in size, maintaining quality and consistency may become more difficult and there is no guarantee that customer confidence in the Trademarks will not diminish. If consumers perceive or experience a deterioration in the dessert quality, service, ambiance or believe in any way that the Lucky Dessert Group is failing to deliver a consistently positive experience, the value of the Trademarks could suffer, which could have a material adverse effect on the Lucky Dessert Group's business.

The Lucky Dessert Group's planned expansion into new markets in the PRC presents risks

The Lucky Dessert Group plans to open new restaurants in the PRC where it has limited operating experience. The markets in the PRC which the Lucky Dessert Group targets may have different business environments, competitive conditions, consumer preferences and discretionary spending patterns from the Group's existing markets in Hong Kong. It may be more difficult for the Lucky Dessert Group to hire, train and retain qualified employees in new markets who share the same business philosophy and culture. Dessert catering restaurants opened in new markets may also have lower average sales or higher set up and/or operating costs. In addition, the Lucky Dessert Group may face difficulties in finding reliable suppliers or distributors which supply food ingredients meeting the quality standards in the new markets. Sales at restaurants opened in new markets may take longer time to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting the overall profitability of the Lucky Dessert Group.

The Lucky Dessert Group's business depends on its success to deploy the franchise operation in the PRC

The Lucky Dessert Group intends to operate the franchise business under the Trademarks in the PRC. Before the Lucky Dessert Group embarks for the franchise business, the Lucky Dessert Group shall comply with certain laws and regulations in the PRC. There is no assurance that the Lucky Dessert Group could obtain the right to operate the franchise business in accordance with its business plan timeline. Should the Lucky Dessert Group fail to deploy its business plan in a timely manner, this will have a material adverse effect on the Lucky Dessert Group's profitability and its ability to continue carrying on its business.

The Lucky Dessert Group operates in a highly competitive industry

The Lucky Dessert Group's dessert catering restaurants compete with other similar restaurants targeting the same or similar group of customers, on the basis of taste, quality, price, customer service and ambience, etc. The Lucky Dessert Group competes with new entrants and competitors with longer operating histories. The Lucky Dessert Group's business and results of operations may be adversely affected in the event that the Lucky Dessert Group is not competitive in terms of the pricing, or there is a deterioration in the quality of its desserts or its level of service.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited pro forma statement of adjusted consolidated net tangible assets which has been prepared by the Directors on the basis of the notes set out below for the purpose of illustrating the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 31 December 2016. As it is prepared for illustrative purpose only, based on the judgements and assumptions of the Directors and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon completion of the Rights Issue as at 31 December 2016 or at any future date. The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2016 as extracted from the Group's audited consolidated financial statements for the year ended 31 December 2016 included in the published annual report of the Group for the year ended 31 December 2016, after incorporating the unaudited pro forma adjustments as set out below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2016 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue per share HK\$ (Note 4)
Rights Issue of 958,464,000 rights shares to be issued at subscription price of HK\$0.14 per rights share	<u>302,818</u>	<u>132,185</u>	<u>435,003</u>	<u>0.248</u>

Notes

1. The amount of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2016 is based on the audited consolidated net assets of the Group attributable to owners of the Company of approximately HK\$313,460,000 adjusted for the goodwill and intangible asset of approximately HK\$6,186,000 and HK\$4,456,000, respectively, as extracted from the published annual report of the Group for the year ended 31 December 2016.
2. The estimated net proceeds from the Rights Issue are based on the issuance of 958,464,000 rights shares (the "Rights Shares") to be issued as defined in this Prospectus at the subscription price of HK\$0.14 per Rights Share, after deducting the estimated underwriting commission and other related expenses of approximately HK\$2,000,000 to be incurred by the Company.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as adjusted for the Rights Issue of approximately HK\$435,003,000 does not take into account the net proceeds of approximately HK\$22,800,000 from the placing of 159,744,000 new shares at HK\$0.144 per share completed on 6 January 2017.
4. The number of shares used in the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue per share is as follow:

	<u>Number of shares</u>
Issued and fully paid as at 31 December 2016 (extracted from the published annual report of the Group for the year ended 31 December 2016)	798,720,000
Rights Shares to be issued on the basis of one Rights Share for every one ordinary share on the record date	<u>958,464,000</u>
	<u><u>1,757,184,000</u></u>

The number of shares used in the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue per share does not take into account 159,744,000 new ordinary shares issued as mentioned in Note 3. The number of Rights Shares to be issued in the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue per share is based on the number of shares in issue on the record date. The number of shares in issue on the record date is 958,464,000 shares.

5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2016.

The following is the text of an accountant's report, prepared for the sole purpose of inclusion in this Prospectus, received from the independent reporting accountant, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.

B. ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION

27 April 2017

The Board of Directors
Food Idea Holdings Limited
Room A, 6/F., CNT Tower,
338 Hennessy Road,
Wan Chai, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Food Idea Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus dated 27 April 2017 (the "Prospectus") in connection with the proposed rights issue on the basis of one rights share for every one share held on the record date (the "Rights Issue") issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group's net tangible assets as at 31 December 2016 as if the Rights Issue had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's financial statement for the year ended 31 December 2016, on which an audit report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7

“Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Tang Kwan Lai

Practising Certificate Number P05299

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and is not misleading or deceptive; and there are no other matters the omission of which would make any statement in this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately after completion of the Rights Issue (assuming the Rights Issue becoming unconditional) will be as follows:

As at the Latest Practicable Date:

Authorised: HK\$

<u>10,000,000,000</u>	Shares at nominal value of HK\$0.01 each	<u>100,000,000</u>
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Issued and fully-paid or credited as fully-paid:

<u>958,464,000</u>	Shares at nominal value of HK\$0.01 each	<u>9,584,640</u>
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Immediately after the Rights Issue

Authorised: HK\$

10,000,000,000	Shares	100,000,000
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Issued and fully-paid or credited as fully-paid:

958,464,000	Shares	9,584,640
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<u>958,464,000</u>	Rights Shares to be issued	<u>9,584,640</u>
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<u>1,916,928,000</u>	Shares at upon completion of the Rights Issue	<u>19,169,280</u>
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All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the GEM.

As at the Latest Practicable Date, save for the 16,640,000 outstanding Share Options which confer holders thereof the rights to subscribe for 16,640,000 new Shares, the Company had no outstanding warrants, options or convertible or exchangeable securities in issue which would otherwise confer any right to subscribe for, convert or exchange into existing Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/ will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

(i) Interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares, underlying Shares and debentures of the Company and associated corporations

Name of Director	Capacity/nature of interest	Number of Shares	Number of underlying Shares (Note)	Aggregate interest	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	–	320,000	320,000	0.03%

Note:

These represent the Shares to be issued and allotted by the Company upon exercise of the Share Options granted under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

4. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares, underlying Shares and debentures of the Company and associated corporations

Name	Capacity/ nature of interest	Number of Shares	Approximate percentage of interest
KMW Investments (<i>note 1 & 2</i>)	Beneficial owner	377,607,200	19.36%
Mr. Wong TC (<i>note 1, 2 & 3</i>)	Beneficial owner	3,156,000	0.16%
	Interest of spouse	18,192,000	0.93%
	Interest in controlled corporation	377,607,200	19.36%
Ms. Fung Pui Wah ("Ms. Fung") (<i>notes 1, 2 & 3</i>)	Beneficial owner	18,192,000	1.86%
	Interest of spouse	380,763,200	19.52%
SBI China (<i>notes 1 & 4</i>)	Beneficial owner	623,396,400	31.96%
Probest Limited (<i>notes 1 & 4</i>)	Interest in controlled corporation	623,396,400	31.96%
Cao Guoqi (<i>notes 1 & 4</i>)	Interest in controlled corporation	623,396,400	31.96%
Long Vehicle Capital Ltd. (<i>notes 1 & 5</i>)	Interest in controlled corporation	623,396,400	31.96%
Zhang Xiongfeng (<i>notes 1 & 5</i>)	Interest in controlled corporation	623,396,400	31.96%

Notes:

- (1) The Shares are the Rights Shares which the Underwriters are interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Rights Issue.

- (2) As at the Latest Practicable Date, Mr. Wong TC was the beneficial owner of 3,156,000 Shares and was deemed to be interested in 76,803,600 Shares held through KMW Investments which is wholly and beneficially owned by him. He is the spouse of Ms. Fung and is deemed to be interested in all the 18,192,000 Shares in which Ms. Fung is interested under Part XV of the SFO. Each of Mr. Wong TC and KMW Investments has given the undertaking in favor of the Company and the Underwriters, to subscribe for, and (as the case may be) procure Ms. Fung to subscribe for, in aggregate, 98,151,600 Rights Shares to which KMW Investments, Mr. Wong TC and Ms. Fung are entitled to under the Rights Issue.
- (3) Ms. Fung is the spouse of Mr. Wong TC. As at the Latest Practicable Date, Ms. Fung was the beneficial owner of 18,192,000 Shares and is deemed to be interested in all the Shares in which Mr. Wong TC is interested under Part XV of the SFO.
- (4) Based on the notice of disclosure of interest filed by SBI China on 28 February 2017, 623,396,400 Shares are held by SBI China. SBI China is wholly-owned by SBI China Capital Securities Limited, which is in turn wholly-owned by SBI China Capital Holdings Limited. SBI China Capital Holdings Limited is owned as to 72.63% by Probest Limited which is in turn wholly-owned by Cao Guoqi. Each of SBI China Capital Securities Limited, SBI China Capital Holdings Limited, Probest Limited and Cao Guoqi is deemed to be interested 623,396,400 Shares held by SBI China.
- (5) Based on the notice of disclosure of interest filed by Long Vehicle Capital Ltd. on 28 February 2017, SBI China Capital Holdings Limited is owned as to 23.46% by Long Vehicle Capital Ltd. which is in turn wholly-owned by Zhang Xiongfeng.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

6. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinions or advice, which is contained in this Prospectus:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters or its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which had been since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus and are or may be material:

- (1) the placing agreement dated 9 March 2015 entered into between the Company and Orient Securities Limited, an Independent Third Party, as placing agent for the placing, on a best efforts basis, of up to 160,000,000 placing shares to not less than six placees at the placing price of HK\$0.125 per placing share;

- (2) the loan agreement dated 29 April 2015 entered into between Food Idea Group Limited, as lender, and Lucky Dessert (China) Holdings Limited, a 49% indirectly-owned associate of the Company, as borrower, for a loan facility of up to HK\$15,000,000 at the interest of the best lending rate of the Hong Kong and Shanghai Banking Corporation Limited as at the date of draw down plus 1% for a period of 2 years from the date of the loan agreement;
- (3) the placing and subscription agreement dated 6 May 2015 entered into among the Company, FP Sino-Rich Securities & Futures Limited (“**FP Sino-Rich**”), an Independent Third Party, as placing agent and KMW Investments, a substantial shareholder of the Company, for (i) the placing, on a best efforts basis, of up to 480,000,000 placing shares to not less than six placees at the placing price of HK\$0.193 per placing share and (ii) the subscription for up to 480,000,000 subscription shares by KMW Investments at the subscription price of HK\$0.193 per subscription share;
- (4) the loan agreement dated 19 June 2015 entered into between Happy Credit Limited (“**Happy Credit**”), a direct wholly-owned subsidiary of the Company, as lender and three customers, who are family members and Independent Third Parties, as borrowers, for a loan facility of up of HK\$32,000,000 (the “**HK\$32 million Loan**”) at the interest of 8% per annum for a period of 12 months from the date of the loan agreement (the “**Previous Loan Agreement A**”);
- (5) the underwriting agreement dated 26 June 2015 (as supplemented by the letter agreement dated 24 July 2015 and the supplemental underwriting agreement dated 13 August 2015) entered into among the Company, Kingston Securities Limited and FP Sino-Rich, both being Independent Third Parties, as underwriters in relation to the underwriting and certain other arrangements in respect of 1,920,000,000 rights shares by way of rights issue to the qualifying Shareholders for subscription on the basis of one (1) rights share for every two (2) Shares held on the record date at the subscription price of HK\$0.105 per right share;
- (6) the loan agreement dated 16 October 2015 entered into between Happy Credit as lender and a customer, an Independent Third Party, as borrower, for a loan facility of up of HK\$60,000,000 at the interest of 3% per annum for a period of 36 months from the date of the loan agreement;

- (7) the placing and subscription agreement dated 18 December 2015 entered into among the Company, Emperor Securities Limited, an Independent Third Party, as placing agent and KMW Investments, a substantial shareholder of the Company, for (i) the placing, on a best efforts basis, of up to 768,000,000 placing shares to not less than six placees at the placing price of HK\$0.036 per placing share and (ii) the subscription for up to 768,000,000 subscription shares by KMW Investments at the subscription price of HK\$0.036 per subscription share;
- (8) the conditional sale and purchase agreement dated 10 March 2016 entered into between Mr. Wong Kwan Mo and Ms. Lau Lan Ying (collectively, the “**Purchasers**”), the former Directors for the previous 12 months, and the Company in relation to the Disposal at a preliminary consideration of HK\$49 million (subject to adjustment as specified in the sale and purchase agreement);
- (9) the loan agreement dated 3 June 2016 entered into among Happy Credit as lender and a borrower, being an Independent Third Party, for a loan of HK\$8 million at the interest rate of 6% per annum, for the period of 34 months and 12 days from the draw down date of the loan;
- (10) the renewed loan agreement dated 17 June 2016 entered into among Happy Credit as lender and the three customers to the Previous Loan Agreement A, all being Independent Third Parties, as borrowers to extend the repayment date of the HK\$32 million Loan for the period of 12 months from 17 June 2016;
- (11) the placing agreement dated 29 July 2016 entered into between the Company and FP Sino-Rich, an Independent Third Party, as placing agent for the placing, on a best efforts basis, of up to 130,560,000 placing shares to not less than six placees at the placing price of HK\$0.153 per placing share;
- (12) the loan agreement dated 5 August 2016 entered into among, Happy Credit as lender and two borrowers, all being Independent Third Parties, as borrowers, for a loan of HK\$25 million (the “**HK\$25 million Loan**”) at the interest rate of 5% per annum for a period from the date of the draw down of the loan up to 31 December 2016 (both days inclusive) (the “**Previous Loan Agreement B**”),
- (13) the supplemental loan agreement dated 14 December 2016 entered into among Happy Credit and the borrowers to the Previous Loan Agreement B, all being Independent Third Parties, to amend the provision of the Previous Loan Agreement B in relation to the security of the HK\$25 million Loan;
- (14) the placing agreement dated 20 December 2016 entered into between the Company and SBI China, an Independent Third Party, as placing agent for the placing, on a best efforts basis, of up to 159,744,000 placing shares to not less than six placees at the placing price of HK\$0.144 per placing share;

- (15) the renewed loan agreement dated 30 December 2016 entered into among Happy Credit and the borrowers to the Previous Loan Agreement B, all being Independent Third Parties, to extend the repayment date of the outstanding HK\$16 million loan for a period of 12 months for the date of the renewed loan agreement;
- (16) the renewed loan agreement dated 30 December 2016 entered into among Happy Credit and a borrower (an Independent Third Party) to a previous loan agreement dated 26 September 2016 for the loan of HK\$9 million at the interest rate of 5% per annum for a period from the date of the draw down of the loan up to 31 December 2016 (both days inclusive), to extend the repayment date for a period of 12 months for the date of the renewed loan agreement;
- (17) the Underwriting Agreement; and
- (18) the Supplemental Underwriting Agreement.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders or their respective associates had any interests in businesses which competed or might compete with the businesses of the Group or had any other conflict of interests with the Group.

10. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2 million, which are payable by the Company.

12. CORPORATE INFORMATION**Executive Directors**

Mr. Wong Hoi Yu (黃愷宇)
10/F, Flat B
Yuen Long Plaza
Yuen Long
New Territories
Hong Kong

Mr. Yu Ka Ho (余嘉豪)
Room G, 41/F
Block 5, Phase 3
Belvedere Garden
Tsuen Wan
New Territories
Hong Kong

Independent non-executive Directors

Mr. Li Fu Yeung (李富揚)
Flat G, 4/F
Kimberley Mansion
15 Austin Avenue
Tsim Sha Tsui
Kowloon
Hong Kong

Mr. Kwan Wai Yin, William (關偉賢)
Rm 1301
Lai Choi House
Lai Yan Court
Lai Chi Kok
Kowloon
Hong Kong

Mr. Tam Lok Hang (譚諾恒)
Flat E, 22/F, Block 1
Prima Villa
Shatin
New Territories
Hong Kong

Company secretary

Mr. Wong Tin King, Richard (黃天競)
Room A, 6/F
CNT Tower
338 Hennessy Road
Wan Chai, Hong Kong

Compliance officer

Mr. Yu Ka Ho (余嘉豪)
Room G, 41/F
Block 5, Phase 3
Belvedere Garden
Tsuen Wan
New Territories
Hong Kong

Authorised representatives

Mr. Yu Ka Ho (余嘉豪)
Room G, 41/F
Block 5, Phase 3
Belvedere Garden
Tsuen Wan
New Territories
Hong Kong

Mr. Wong Tin King, Richard (黃天競)
Room A, 6/F
CNT Tower
338 Hennessy Road
Wan Chai, Hong Kong

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

**Head office and principal place of business
in Hong Kong**

Room A, 6/F
CNT Tower
338 Hennessy Road
Wan Chai
Hong Kong

Principal banker

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

**Hong Kong share registrar and
transfer office**

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

13. PARTIES INVOLVED IN THE RIGHTS ISSUE

Underwriters

SBI China Capital Financial Services Limited
Unit A2, 32/F
United Centre
95 Queensway
Hong Kong

KMW Investments Limited
Quastisky Building
P.O. Box 4389
Road Town
Tortola
British Virgin Islands

Reporting accountants

SHINEWING (HK) CPA Limited
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Independent Financial Adviser

Euto Capital Partners Limited
Room 2418, 24/F
Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

Legal advisers to the Company

as to Hong Kong laws
Michael Li & Co.
19/F Prosperity Tower
No. 39 Queen's Road Central
Central
Hong Kong

as to PRC laws
Hills & Co.
11th Floor, Central Tower
No. 88 Fu Hua 1st Road
Fu Tian District
Shenzhen, PRC

14. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wong Hoi Yu (黃愷宇先生) (“**Mr. Wong**”), aged 33, is an executive Director. Mr. Wong was appointed as an executive Director and chairman of the Board on 16 August 2016. Mr. Wong obtained his bachelor's degree of science in Computer Science from Chu Hai College of Higher Education in Hong Kong in 2008. He has more than 7 years' solid marketing and management experience, including operations, recruitment, managing food and service quality, etc., from his previous employments in the catering industry in Hong Kong. Mr. Wong is responsible for the overall management, business development and strategic planning of the Group.

Mr. Yu Ka Ho (余嘉豪先生) (“Mr. Yu”), aged 34, is an executive Director. He was appointed as an executive Director on 22 June 2015 and appointed as the chief executive officer, compliance officer and authorised representative of the Company on 22 November 2016. Mr. Yu was an independent non-executive Director, chairman of the audit committee, and a member of the remuneration committee and nomination committee of the Company when the shares of the Company were listed on GEM in July 2011. He retired at the annual general meeting of the Company in May 2012 and was then appointed as vice president, business development department of Food Idea Group Limited, a wholly-owned subsidiary of the Company on 1 June 2012, and is currently a director of certain subsidiaries of the Group. He is responsible for business development, finance, accounting, human resources and marketing of the Group.

Independent non-executive Directors

Mr. Li Fu Yeung (李富揚先生) (“Mr. Li”), aged 37, was appointed as an independent non-executive Director on 25 June 2011. He is also the chairman of the nomination committee and audit committee of the Company and a member of the remuneration committee of the Company. Mr. Li has over 10 years of experience in the financial industry. Since 2004, Mr. Li has worked in Manulife (International) Limited and his current position is Unit Manager and is responsible for the sales and marketing of insurance related product. Mr. Li obtained a diploma in computer science from the Sydney Institute of Business and Technology in 2001.

Mr. Kwan Wai Yin, William (關偉賢先生) (“Mr. Kwan”), aged 41, was appointed as an independent non-executive Director on 2 September 2013. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Mr. Kwan possesses extensive experience in marketing and sales. He was the Vice President of the corporate sales department of Sun Hung Kai Financial Group from August 2006 to November 2008. From February 2009 to August 2012, he was a sales manager of a private trading company. After which, Mr. Kwan has been operating a tailor business since August 2012. Mr. Kwan obtained his Bachelor of Arts Degree in Economics from York University, Ontario, Canada.

Mr. Tam Lok Hang (譚諾恒先生) (“Mr. Tam”), aged 34, was appointed an independent non-executive Director on 7 January 2016. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. He has more than 7 years’ solid experience in auditing, finance and accounting gained from his previous employment in local and international CPA firms, listed and unlisted companies in Hong Kong. He is now an entrepreneur. Mr. Tam obtained his bachelor’s degree in Business from Queensland University of Technology in 2006.

Senior management

Mr. Wong Tin King, Richard (黃天競) (“Mr. T.K. Wong”), CPA, FCA aged 39, has been appointed as the chief financial officer and the company secretary of the Company since 24 June 2011. He graduated from The Hong Kong Polytechnic University with a bachelor’s degree in accountancy in 2000. Mr. T.K. Wong has over 15 years of accounting experience accumulated from working for various professional accounting firms and listed Company. Mr. T.K. Wong is responsible for the accounting and financial functions of the Company, including developing financial strategy to support the Company’s growth plan.

Mr. T.K. Wong is currently a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants.

Audit committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group’s risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company’s financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang.

15. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein and governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

16. MISCELLANEOUS

This Prospectus and the accompanying PAL and EAF have been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over their respective Chinese text.

As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong. Save and except for Renminbi, the Group has no exposure to foreign exchange liabilities.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the CWUMPO.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong from the date of this Prospectus up to and including Monday, 15 May 2017:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2014, 2015 and 2016;
- (c) the letter on the unaudited pro forma financial information of the Group issued by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (d) the letter of consent referred to in the paragraph under the heading “Experts and Consents” in this appendix;
- (e) copy of each of the material contracts referred in the paragraph under the heading “Material contracts” in this appendix;
- (f) a copy of each of the circulars issued pursuant to the requirements set out in Chapter 19 and/or Chapter 20 since the date of the latest published consolidated financial statements of the Group; and
- (g) this Prospectus, the PAL and the EAF.