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新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**NON-LEGALLY BINDING
MEMORANDUM OF UNDERSTANDING IN RESPECT OF
THE PROPOSED ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

The Board announces that on 13 November 2015 (after trading hours), the Purchaser and the Vendor entered into the MOU in relation to the Proposed Acquisition. The consideration for the Proposed Acquisition will be subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Purchaser by way of cash or by procuring the Company to issue promissory notes or to allot and issue new Shares or to issue convertible bonds carrying rights to convert into new Shares or a combination of any of the above or any other kind of consideration as the parties to the MOU may agree in writing.

Shareholders and potential investors of the Company shall be aware that the terms of the Proposed Acquisition are subject to further negotiation between the parties to the MOU. The Board wishes to emphasise that no legally binding agreement has been entered into by the parties to the MOU in relation to the Proposed Acquisition as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

If the Formal Agreement is entered into between the parties to the MOU and the Proposed Acquisition constitutes a notifiable transaction of the Company under the GEM Listing Rules, further announcement(s) will be made by the Company in compliance with the GEM Listing Rules.

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MOU

Set out below are the principal terms of the MOU:

Date : 13 November 2015

Purchaser : Food Idea Group Limited, being the wholly-owned subsidiary of the Company

Vendor : Mr. Cheung Hou Hei Herman

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

As at the date of this announcement, as advised by the Vendor, he is operating five restaurants (the “**HK Restaurants**”) serving traditional local food in Hong Kong under the trade name of “十八座狗仔粉 (Block 18 Doggie’s Noodles#)” which is recently recommended in the Michelin Guide: Hong Kong & Macau 2016 under the “street food” category. The Vendor intends to register such trade name in the prescribed form in Hong Kong and in the PRC.

Asset to be acquired

Pursuant to the terms of the MOU, the Purchaser intends to acquire and the Vendor intends to sell the entire issued share capital of the Target Company.

Formal Agreement

Subject to the terms and conditions contained therein, the Formal Agreement may be entered into between the parties to the MOU pursuant to which:

- (1) the Vendor shall guarantee and warrant that the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right shall be valid and effective for a period of not less than 40 years from the date of the licence agreement;

- (2) the Vendor shall guarantee and warrant that he is the sole legal and beneficial owner of the Trademark and there is no encumbrance thereon;
- (3) the Vendor shall guarantee and warrant that all agreements, statements of intent or understanding entered into with any third party (other than the Purchaser and the Target WFOE) (if any) with respect to any grant, transfer or licence of the Exclusive PRC Trademark Right and/or the Exclusive PRC Franchise Right have been duly terminated and that the Purchaser and/or the Target WFOE shall have the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right upon the completion of the Proposed Acquisition;
- (4) representations, warranties, undertakings and indemnities which are usual for transactions similar to the Proposed Acquisition as contemplated by the MOU shall be given by the Vendor; and
- (5) the conditions precedent set out in the paragraph headed “Conditions precedent” below shall be fulfilled.

Consideration

The consideration for the Proposed Acquisition will be subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Purchaser by way of cash or by procuring the Company to issue promissory notes or to allot and issue new Shares or to issue convertible bonds carrying rights to convert into new Shares or a combination of any of the above or any other kind of consideration as the parties to the MOU may agree in writing.

Conditions precedent

Completion of the Proposed Acquisition is conditional upon, inter alia:

- (1) the Purchaser being satisfied with the results of the due diligence review of (i) the assets, liabilities, operations and affairs of the Target Group and (ii) all information and documents relating to the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right;
- (2) the completion of the Reorganisation in such manner to the satisfaction of the Purchaser;
- (3) the obtaining of a legal opinion (in the form and substance satisfactory to the Purchaser) issued by a firm of PRC legal advisers acceptable to the Purchaser on the legality, validity and enforceability of the Reorganisation and the grant of the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right and the transactions contemplated under the Formal Agreement;

- (4) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a firm of independent professional valuers appointed by the Purchaser;
- (5) if necessary, the passing by the Shareholders at an extraordinary general meeting of the Company to be convened and held of ordinary resolution(s) by way of poll to approve the Formal Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules and the applicable laws and regulations; and
- (6) the fulfilment of any other conditions agreed by the Vendor and the Purchaser to be included in the Formal Agreement.

Reorganisation

It is a condition precedent that the Vendor shall carry out the Reorganisation for the Target Group which the Vendor shall procure (i) the incorporation of the Target Group; (ii) the registration of the trade name of “十八座狗仔粉 (Block 18 Doggie’s Noodles#)” in the prescribed form in Hong Kong and in the PRC; (iii) the HK Restaurants to carry on business under the Trademark in Hong Kong; and (iv) the entering into of an exclusive licence agreement with the Target WFOE, to grant the Target WFOE the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right for a term of 40 years from the date of the licence agreement (the “**Reorganisation**”).

Pursuant to the MOU, the incorporation of the Target Group shall be conducted in the form and substance satisfactory to the Purchaser and the charges and expenses incurred therefrom shall be borne by the Purchaser.

Upon completion of the Reorganisation, the Vendor will be the legal and beneficial owner of the entire issued share capital of the Target Company, and the Target WFOE, an indirect wholly-owned subsidiary of the Target Company, will have the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right.

Long stop date

The parties to the MOU shall negotiate in good faith towards one another in ensuring that the Formal Agreement be entered into as soon as possible and in any event, on or before the date falling six (6) months from the date of the MOU or such later date as the parties to the MOU may agree in writing, after which, all obligations of each of the parties under the MOU shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the MOU except for any antecedent breach of any obligation under the MOU and the payment obligation of the Purchaser to the Vendor for the incorporation of the Target Group, if the Target Group has been set up.

Exclusivity

The Vendor will not within a period of six (6) months from the date of the MOU (or such later date as the parties to the MOU may agree in writing) negotiate or discuss or enter into any agreement or statement of intent or understanding with any third party other than the Target WFOE, the Purchaser and its advisers and agents with respect to the Proposed Acquisition or the grant, transfer or licence of the Exclusive PRC Trademark Right and/or the Exclusive PRC Franchise Right.

Legal effect

Save for provisions relating to, among others, the payment obligation of the Purchaser to the Vendor for the incorporation of the Target Group, due diligence, exclusivity, right of access, confidentiality, notices, costs, legal effect, termination, and the governing law and jurisdiction of the MOU, all other terms of the MOU are non-legally binding.

Reasons for the Possible Acquisition

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

The Directors always strive to improve the Group's business operations and financial position by proactively seeking potential investment opportunities that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the Shareholders. Given that “十八座狗仔粉 (Block 18 Doggie's Noodles#)” which is recently recommended in the Michelin Guide: Hong Kong & Macau 2016 under the “street food” category, the Board believes that the Possible Acquisition, if materialised, will bring long-term and strategic benefits to the Group. To allow time for the due diligence to be performed and for negotiating the terms of the Formal Agreement, the Vendor and the Purchaser have entered into the MOU as the initial step for the Proposed Acquisition.

Shareholders and potential investors of the Company shall be aware that the terms of the Proposed Acquisition are subject to further negotiation between the parties to the MOU. The Board wishes to emphasise that no legally binding agreement has been entered into by the parties to the MOU in relation to the Proposed Acquisition as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

If the Formal Agreement is entered into between the parties to the MOU and the Proposed Acquisition constitutes a notifiable transaction of the Company under the GEM Listing Rules, further announcement(s) will be made by the Company in compliance with the GEM Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalised terms in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Food Idea Holdings Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on GEM (stock code: 8179)
“Directors”	the directors of the Company
“Exclusive PRC Franchise Right”	the exclusive franchise right of setting up and operating certain restaurants under the Trademark in seven provinces, namely Beijing, Shanghai, Zhejiang, Fujian, Chongqing, Jiangxi and Guangdong, in the PRC
“Exclusive PRC Trademark Right”	the exclusive right to use the Trademark in seven provinces, namely Beijing, Shanghai, Zhejiang, Fujian, Chongqing, Jiangxi and Guangdong, in the PRC
“Formal Agreement”	the legally binding formal sale and purchase agreement which may or may not be entered into between the parties to the MOU in relation to the Proposed Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules

“MOU”	the non-legally binding memorandum of understanding dated 13 November 2015 and entered into between the Vendor and the Purchaser in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition by the Purchaser of the entire issued share capital of the Target Company from the Vendor
“Purchaser”	Food Idea Group Limited, a company incorporated in the British Virgin Islands with limited liability and the wholly-owned subsidiary of the Company
“Reorganisation”	the corporate restructuring and reorganisation of the Target Group so that upon completion of which, the Vendor will be the legal and beneficial owner of the entire issued share capital of the Target Company, and the Target WFOE will have the Exclusive PRC Trademark Right and the Exclusive PRC Franchise Right, details of which are set out in the paragraph headed “Reorganisation”
“Share(s)”	share(s) of HK\$0.001 each in the capital of the Company
“Shareholders”	the holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company to be incorporated in the British Virgin Islands with limited liability (or any other jurisdiction in which the parties to the MOU consider appropriate)
“Target Group”	Target Company, Target Subsidiary and Target WFOE
“Target Subsidiary”	a company to be incorporated in Hong Kong with limited liability and to be wholly-owned by the Target Company

“Target WFOE”	a wholly foreign-owned enterprise to be established in the PRC and will be wholly-owned by the Target Subsidiary
“Trademark”	the trade name of “十八座狗仔粉 (Block 18 Doggie’s Noodles#)” in the prescribed form to be registered in Hong Kong and in the PRC
“Vendor”	Mr. Cheung Hou Hei Herman, an Independent Third Party

By order of the Board
Food Idea Holdings Limited
Wong Kwan Mo
Chairman and executive Director

Hong Kong, 13 November 2015

In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

As at the date of this announcement, the Board comprises Mr. Wong Kwan Mo, Ms. Lau Lan Ying and Mr. Yu Ka Ho as executive Directors, and Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William as independent non-executive Directors.

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

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