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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)

**VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION**

Financial adviser to the Company



THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 10 March 2016 (after trading hours of the Stock Exchange), the Company, as vendor, entered into the Sale and Purchase Agreement with the Purchasers, pursuant to which the Company has conditionally agreed to dispose of the Sale Shares and the Sale Loan at the preliminary Consideration of HK\$49 million (subject to adjustment by Completion NAV) payable in cash. Upon Completion, the Company will not hold any interest in the Target Company and the Disposal Group will cease to be subsidiaries of the Company.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is the chairman of the Board, the executive Director and one of the substantial Shareholders, and Ms. Lau, the spouse of Mr. Wong, is the executive Director and one of the substantial Shareholders. The Purchasers are both connected persons of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules. As certain applicable percentage ratios in respect of the Disposal exceed 75%, the entering into of the Sale and Purchase Agreement constitutes a very substantial disposal of the Company and is therefore subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 19 and 20 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, Mr. Wong, Ms. Lau and their associates are interested in 1,528,116,000 Shares representing approximately 23.41% shareholding in the entire issued share capital of the Company. Each of them is required to abstain from voting in relation to the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable and how to vote in respect of the resolutions on the Disposal after taking into account the recommendation of the Independent Financial Adviser. Veda Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Disposal; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or before 22 April 2016, as additional time is required by the Company for the preparation of certain financial information for inclusion in the circular.

As the Completion is subject to the fulfilment of the Conditions Precedent as set out in the Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

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The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

10 March 2016

Parties

Vendor: Food Idea Holdings Limited

Purchasers: Mr. Wong and Ms. Lau

As at the date of this announcement, Mr. Wong is the chairman of the Board, the executive Director and one of the substantial Shareholders, and Ms. Lau, the spouse of Mr. Wong, is the executive Director and one of the substantial Shareholders. The Purchasers are both connected persons of the Company.

Assets to be disposed of

- (i) the Sale Shares, representing the entire issued share capital of the Target Company; and
- (ii) the Sale Loan, representing all the liabilities, obligations and indebtedness due by Disposal Group to the Remaining Group on or at any time prior to the Completion, whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on Completion. As at 30 September 2015, there was an amount of approximately HK\$40.47 million due by the Disposal Group to the Remaining Group.

Debt Restructuring

It is intended that the Disposal Group will repay all intra-group loans due by the Disposal Group to the Remaining Group in cash on or before the Long Stop Date. When the Disposal Group uses any of its cash to repay the intra-group loans on or before Long Stop Date, the total assets of the Disposal Group and the outstanding amount due to the Remaining Group will be decreased to the same extent thus there will be no impact on the Consideration.

In the event that there is an amount due by the Remaining Group to the Disposal Group upon completion of Debt Restructuring, such outstanding amount will be deducted from the Consideration.

In the event that there is insufficient cash to repay the amount due by the Disposal Group to the Remaining Group upon completion of Debt Restructuring, such outstanding amount will form part of the Consideration as the Sale Loan.

The Debt Restructuring, being one of the Conditions Precedent, must be completed by the Long Stop Date.

Further particulars of the Disposal Group are set out in the section headed “Information on the Disposal Group” below.

Consideration

The preliminary Consideration is HK\$49 million, which is subject to adjustment, payable in cash and shall be satisfied in the following manner:

- (i) HK\$15 million (the “**Initial Payment**”) shall be payable by the Purchasers to the Company or its nominee on the Completion Date; and
- (ii) balance of the Consideration (the “**Remaining Balance**”) shall be payable by the Purchasers to the Company or its nominee within ten (10) Business Days from the date of the Certificate.

Pursuant to the Sale and Purchase Agreement, the Consideration shall be adjusted and be equal to the total sum of the Completion NAV and the Sale Loan. As such, the Company shall prepare the Completion Accounts and procure an independent practising accountant to review the Completion Accounts and issue the Certificate on or before 31 May 2017, to confirm the amount of the Completion NAV as at the Completion Date. The Purchasers shall provide and procure the Disposal Group and its agents to provide such assistance as the Company or its agents may reasonably require in connection with the preparation of the Completion Accounts.

Upon the issuance of the Certificate confirming the Completion NAV, the Remaining Balance will be adjusted and be equal to the total sum of the Completion NAV and the Sale Loan as at the Completion Date as shown in the Completion Accounts less the Initial Payment.

The Consideration will be adjusted by both (i) the Completion NAV; and (ii) the result of the Debt Restructuring for the determination of Sale Loan. The adjustments of both are mutually exclusive and have neither caps nor floors. The Remaining Balance will be payable by the Purchasers to the Company or its nominee in cash within 10 Business Days from the date of the Certificate.

The assets in the Disposal Group comprise cash, securities and certain fixed assets for the operation of the restaurants business. Given that (i) the Disposal Group does not hold any real properties; (ii) the securities of the Disposal Group which include listed securities, funds and bonds, are having high liquidity, the value of which can be readily obtained from the market; and (iii) the value of the assets of the Disposal Group shown in the Completion Accounts will be subject to the review of independent practising accountant, the Directors consider that the value of all assets would be fairly obtained and shown in the Completion Accounts as at the Completion Date, and therefore no independent valuation is required.

In light that the Consideration will be adjusted by the Completion NAV, the Company strives for the accuracy of the Completion Accounts. As such, the Company and the Purchasers agree that the financial information as at Completion Date should be reviewed by the auditors of the Company. However, should the Completion Accounts be prepared and reviewed separately by the auditors of the Company before financial year end of the Group, this will incur additional costs. The Company and the Purchasers agree that the Completion Accounts shall be prepared together with the Group's audited accounts so as to minimise the costs and expenses of the Disposal and such arrangement is in the interests of the Company and the Shareholders as a whole.

The Consideration (including the adjustment by Completion NAV) was determined after arm's length negotiations between the Company and the Purchasers and taken into account the following factors, including (i) the operating and financial performance of the Disposal Group; (ii) the prospects of and competition to be faced by the Disposal Group; (iii) the earnings outlook of the Chinese restaurant business in Hong Kong; and (iv) the book value of the net assets (including the Sale Loan) of HK\$48.30 million of the Disposal Group attributable to the Group, based on the management accounts of the Disposal Group as at 30 September 2015.

The share charge

Immediately after Completion, each of the Purchasers shall execute a share charge in favour of the Company to charge the Sale Shares to the Company as security for the payment obligations and liabilities of the Purchasers arising from or under the Sale and Purchase Agreement. The said share charge shall be released upon full settlement of all the payment obligations and liabilities arising from or under the Sale and Purchase Agreement.

The assignment of loan by way of security

In the event that there existing the Sale Loan at Completion, immediately after Completion, the Purchasers shall jointly execute an assignment of loan by way of security in favour of the Company to assign back the Sale Loan to the Company as security for the payment obligations and liabilities of the Purchasers arising from or under the Sale and Purchase Agreement. The said assignment of loan by way of security shall be reassigned and discharged upon full settlement of all the payment obligations and liabilities arising from or under the Sale and Purchase Agreement.

Conditions Precedent

Completion is conditional upon satisfaction of the following Conditions Precedent:

- (a) the passing by the Independent Shareholders at the EGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules and the applicable laws and regulations;
- (b) all necessary consents, authorisations, licences and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (c) the warranties made by the Company in the Sale and Purchase Agreement remaining true and accurate in all respects;
- (d) the warranties made by the Purchasers in the Sale and Purchase Agreement remaining true and accurate in all respects; and
- (e) the completion of the Debt Restructuring.

The Purchasers may at any time by notice in writing to the Company to waive the Conditions Precedent referred to in (c) above and the Company may at any time by notice in writing to the Purchasers to waive the Conditions Precedent referred to in (d) above. The Conditions Precedent referred to in (a), (b) and (e) above cannot be waived. If any of the Conditions Precedent is not satisfied or waived (as the case may be) on or before the Long Stop Date (or such other date as the Purchasers and the Company may agree in writing), the Sale and Purchase Agreement shall cease and determine and thereafter neither parties shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Subject to fulfilment of the Conditions Precedent, Completion shall take place on the Completion Date or such other date as the parties to the Sale and Purchase Agreement may agree in writing. Upon Completion, the Company will not hold any interest in the Target Company and the Disposal Group will cease to be subsidiaries of the Company.

INFORMATION ON THE DISPOSAL GROUP

The Target Company, a wholly-owned subsidiary of the Company, is a company incorporated in Samoa with limited liability on 30 September 2010 and the entire issued share capital of which is directly and wholly-owned by the Company as at the date of the Sale and Purchase Agreement. The principal activity of the Target Company is investment holding.

The Disposal Group, comprising the Target Company and 13 subsidiaries, is principally engaged in operating full-service Chinese restaurants in Hong Kong and is recognised for delivering Chinese cuisine and Chinese wedding banquet and dining services. The Disposal Group is also engaged in small scale of securities investment. As at the date of this announcement, the investment portfolio of the Disposal Group comprises listed securities, funds and bonds.

As at the date of this announcement, the Disposal Group is operating 9 restaurants under 3 brands, namely Red Seasons Aroma Restaurant (“**Red Seasons**”), Plentiful Delight Banquet Restaurant (“**Plentiful Delight Banquet**”) and Red Royalty Banquet Restaurant (“**Red Royalty**”).

There are a total of 7 restaurants under the brand of Red Seasons, which mainly situate in the residential area in Lam Tei Tuen Mun, Waldorf Garden Tuen Mun, Tsuen Wan, Sha Tin, Wan Chai, Sai Wan and Olympian City and are serving Chinese cuisine including Cantonese dim sum and main courses, fresh seafood delicacies and specialty Chinese cuisine such as roast suckling pigs and traditional walled village cuisine. Plentiful Delight Banquet and Red Royalty are both located in Yuen Long with a seating capacity of around 100 banquet tables in each restaurant, which are ideal for Chinese wedding banquet and large-scale banquet events.

As at 31 December 2013 and 2014 and 30 September 2015, the Disposal Group had 10 restaurants (including two restaurants under the brand Home-made Cuisine), 9 restaurants and 9 restaurants respectively. In 2014, the Company disposed of one restaurant under the brand Home-made Cuisine and converted the other one Home-made Cuisine restaurant in Olympian City to a restaurant under the brand of Red Seasons. In the past few years, the operating and economic environment for restaurant industry was deteriorating. The top challenges faced by the catering services of the Disposal Group include high food costs, high rent and high labour costs for recruiting and retaining employees. As the target customers of the Chinese restaurants of the Disposal Group are the customers in the neighborhood who desire quality food and special Chinese cuisine at competitive prices, the restaurants always try to offset rising prices by cutting costs rather than passing them on to customers.

Based on the unaudited consolidated accounts of the Disposal Group for the year ended 31 December 2013 and 2014 and the nine months ended 30 September 2015, notwithstanding the turnover of the Disposal Group had been increasing, the profit had been decreasing. The turnover of the Disposal Group were approximately HK\$381.37 million, HK\$401.78 million and HK\$283.69 million for the year ended 31 December 2013 and 2014 and for the nine months ended 30 September 2015 respectively. The profit after tax of the Disposal Group were approximately HK\$25.08 million, HK\$4.99 million for the year ended 31 December 2013 and 2014 respectively and a loss after tax of approximately HK\$16.34 million for the nine months ended 30 September 2015. Such loss was mainly attributable to (i) the impairment losses of approximately HK\$6.29 million relating to the property, plant and equipment in restaurants which were loss-making in 2015; and (ii) the aggregate realised and unrealised loss of approximately HK\$4.53 million in the financial assets at fair value through profit or loss.

In addition to the declining financial results of the Disposal Group aforementioned, the business of the Disposal Group has been adversely affected by the unfavourable market conditions in Hong Kong, including the uncertainties in the Hong Kong economy, the recent turmoil in the PRC and Hong Kong financial market and currencies, the weakening consumer sentiments and the deteriorating political polarization in Hong Kong, and there was no sign of improvement in the near future.

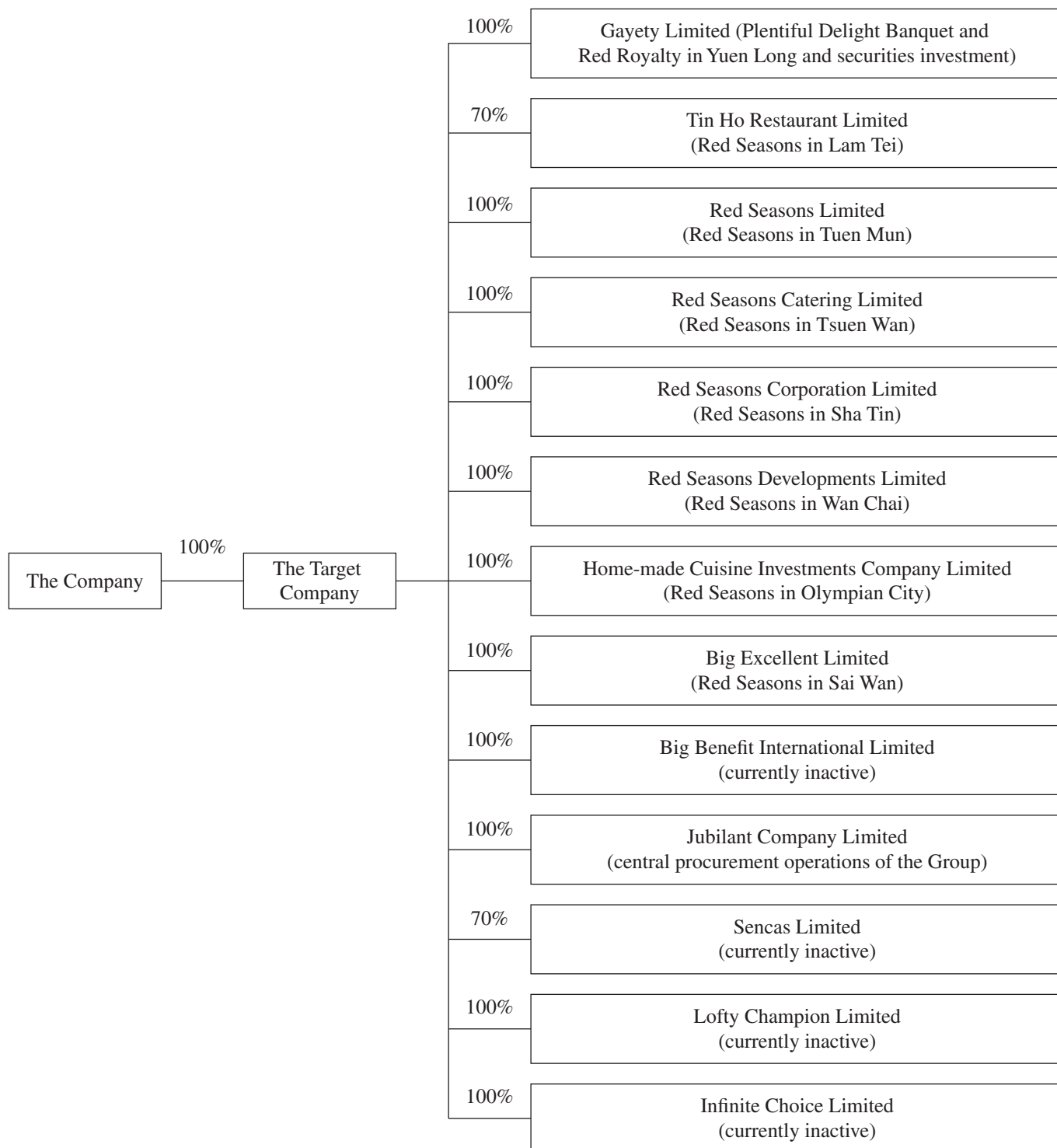
In light of the above, it is highly improbable for the Disposal Group to generate enough profit in the last quarter of 2015 and compensate the loss incurred in the first nine months of 2015. The Board therefore expects that the overall performance of the Chinese restaurant business of the Disposal Group in 2015 will be worse than 2014 and it will be even more challenging in 2016. Apart from the macro economic challenges, the Disposal Group also encounters difficulties in expanding its restaurant business in new areas. Since its expansion of restaurant business in Hong Kong Island, unlike those restaurants in New Territories, the new restaurants had difficulties in establishing customer base for long term patronage.

The unaudited financial information of the Disposal Group prepared under the Hong Kong Financial Reporting Standards for the year ended 31 December 2013 and 2014 and the nine months ended 30 September 2015 are as follows:

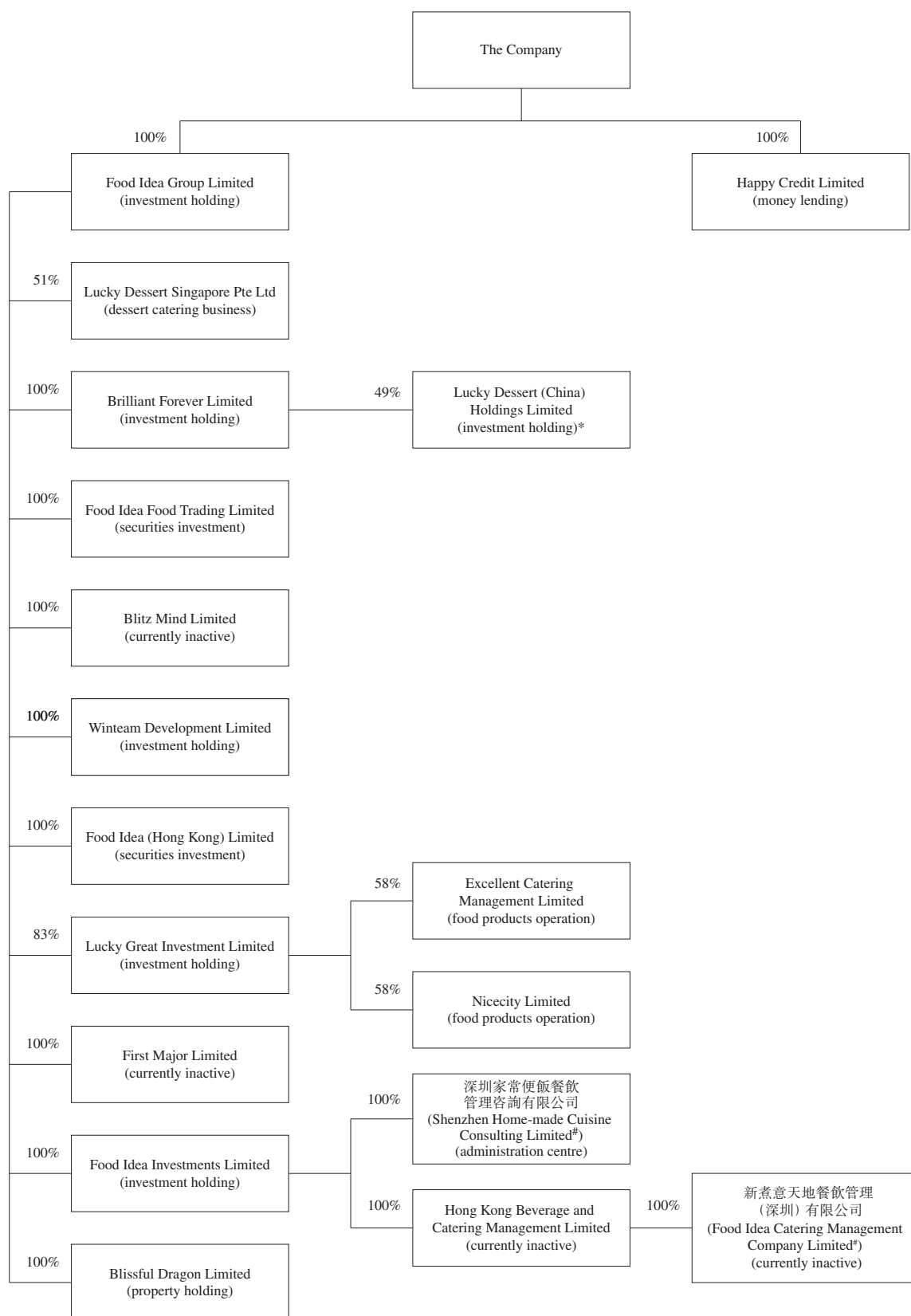
	For the nine months ended 30 September 2015 HK\$'000 (Unaudited)	For the year ended 31 December 2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Turnover	283,687	401,784	381,372
(Loss)/profit before tax	(14,532)	9,493	30,477
(Loss)/profit after tax	(16,336)	4,988	25,083

The unaudited net asset of the Disposal Group attributable to the Group as at 30 September 2015 was approximately HK\$48,302,000.

The simplified organisation chart of the Disposal Group as at the date of this announcement is set out below:



Set out below is the simplified organisation chart of the Remaining Group upon completion of the Disposal:



* the Remaining Group's dessert catering business in the PRC is operated by the subsidiaries of Lucky Dessert (China) Holdings Limited.

the translated English names of Chinese entities for which no official English translation exist 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.

INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activity of the Company is investment holding. 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) investment in securities; and (iv) money lending business.

Despite significant efforts undertaken by the Group to expand its catering services as mentioned in the paragraph headed “Information on the Disposal Group”, the Disposal Group suffered from deteriorating financial results in light of the severe market competition, and local economy, weakening customer sentiments and the rising costs of food, labour and rental in the past few years.

The high costs and labour intensive nature further reduced the net profit margin of the catering services of the Disposal Group, from approximately 6.6% in 2013 to approximately 1.2% in 2014, and further worsened to a net loss for the nine months ended 30 September 2015. In respect of the segmental results in catering services of the Group, the catering services was the least-performed segment as compared with the food products operation, securities investments and money lending business. Based on the third quarterly results announcement of the Company on 13 November 2015, the Group recorded a segmental loss of approximately HK\$10.86 million in catering services for the nine months ended 30 September 2015, as compared to the unaudited profit of approximately HK\$20.55 million for the corresponding period ended 30 September 2014. During the nine months ended 30 September 2015, the Red Seasons restaurants recorded a drop in revenue of around 5% to approximately HK\$170.21 million as compared to the last corresponding period. During the nine months ended 30 September 2015, Plentiful Delight Banquet and Red Royalty recorded a drop in revenue of about 5%, as compared to the last corresponding period.

In view of the above financial results of the Disposal Group, the Directors have the following opinion after analysing on the costs and benefits on the options that (a) the Company keeps operating the business of the Disposal Group; and (b) the Company proceeds with the proposed Disposal:

- (i) based on the previous expenses record of the Group, the cost of refurbishment for a restaurant is estimated to range from approximately HK\$1.3 million to approximately HK\$18.7 million, depending on the size of the restaurant and the scale of refurbishment. It is expected that the related capital expenditure for the Disposal Group in the coming two years would amount to approximately HK\$41.8 million, which, in turn, would further aggravate the weakening performance of the Disposal Group;

- (ii) 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. The Directors are even more pessimistic with the prospects of the Chinese restaurant business in view of the negative market sentiment and macro-economic conditions in Hong Kong in 2016 as the market forecasts; and
- (iii) on the contrary, upon completion of Disposal, the Remaining Group could focus on developing other businesses with higher growth potential, such as the money lending business. The Board believes that (i) the businesses in the Remaining Group can serve as a better driver for the Group's performance with solid revenue stream and capital gain potentials; and (ii) the sale proceeds arising from the Disposal can be immediately used for expansion of money lending business which has been growing in a rapid pace. The Group could streamline its operations and could better allocate its financial resources.

Having considered (i) the deteriorating results of the Disposal Group 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 represents a good opportunity not only to dispose of its loss-making business but also to unlock the maximum value of the catering services of the Disposal Group for the Shareholders.

Remaining business of the Group after the Disposal

Following the Disposal, the remaining business of the Group will comprise food products operation, money lending business, dessert catering business and investment in securities.

(i) Food products operation

The Group is engaged in the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei, to over 60 concessionaire stores in major supermarket chains in Hong Kong. Based on the unaudited management accounts of the Group for the financial year ended 31 December 2015, the food products operation of the Remaining Group recorded revenue of approximately HK\$88.82 million with a slight segmental profit of approximately HK\$464,000 during the financial year ended 31 December 2015. Following the Disposal, the Remaining Group will continue with its food products operation business, which remains as one of the major sources of revenue to the Remaining Group. To the best knowledge of the Directors, the existing customers of the food products operation segment are independent third parties.

As the Target Company and its subsidiaries will be wholly-owned by the Purchasers upon Completion and the Purchasers are both connected persons of the Company, any provision of goods or services between the Remaining Group and the Disposal Group relating to food products operation will therefore constitute a continuing connected transaction of the Company under Rule 20.29 of the GEM Listing Rules.

During the year ended 31 December 2015, the Remaining Group had purchased meat products from Jubilant Company Limited, a member of the Disposal Group, amounting to approximately HK\$2.9 million, representing approximately 7.4% of the Remaining Group's total purchases of its food products operation. The Remaining Group purchased from 35 suppliers, amounting to approximately HK\$39.3 million for the year ended 31 December 2015.

The Company confirms that the Remaining Group will cease all purchases from the Disposal Group upon Completion. As such, there will be no continuing connected transactions between the Disposal Group and the Remaining Group immediately after the Disposal.

(ii) 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. Based on the unaudited management accounts of the Group for the year ended 31 December 2015, it has generated interest income of approximately HK\$3.41 million and recorded a segmental profit of approximately HK\$2.87 million during the year ended 31 December 2015. As disclosed in the prospectus of the Company dated 18 August 2015 in relation to rights issue, the growth of the money lending business has exceeded the Group's expectation. Since the start of the money lending business, an aggregate loan of approximately HK\$252.34 million has been built up by the Remaining Group, of which approximately HK\$106.16 million has been repaid by its customers. Up to the date of this announcement, the Remaining Group has outstanding loans of approximately HK\$146.18 million to 14 customers. All the loans advanced by the Remaining Group are either secured by mortgages, legal charges over listed securities or debentures issued by company listed in Hong Kong or secured by personal guarantee.

(iii) Dessert catering business

The Remaining Group has commenced its dessert catering business through the acquisition of 49% equity interest in Lucky Dessert (China) Holdings Limited (the "**Associate**", together with its subsidiaries, the "**Associate Group**"), the said acquisition was completed on 29 April 2015. The Associate Group operated its first dessert catering restaurant in Tianjin, the PRC in May 2015 and the brand of "Lucky Dessert 發記甜品" has established market presence through the opening of its third dessert catering restaurant in December 2015.

Based on the unaudited management accounts of the Group for the year ended 31 December 2015, the Remaining Group recorded its share of profit of an associate of approximately HK\$11.65 million during the year ended 31 December 2015, which mainly represented the gain on acquisition of the Associate Group.

Regarding the business performance of the Associate Group, the Associate Group has generated revenue of over RMB1 million but has not recorded any operating profit since its establishment up to 30 September 2015. The Remaining Group will leverage its rich experience and expertise in Chinese restaurant business to further tap into the dessert catering business in the PRC, which will ultimately enhance the awareness and reputation of the brand “Lucky Dessert 發記甜品”, and the Board believes that this will be beneficial to the Remaining Group and deliver greater value to the Shareholders.

The Remaining Group is in the course of negotiating with different potential franchisees for expanding its dessert catering business under the trademark “Lucky Dessert 發記甜品” to other areas of the PRC, and has been approached by potential franchisees for running the dessert catering business in other cities such as Beijing, Shanghai and Xian, the PRC and other countries in Southeast Asia. Up to the date of this announcement, no material progress has been reached. The Directors will continue to negotiate with the respective franchisees and will update the Shareholders for any material progress.

(iv) *Investment in securities*

For the business segment of securities investment, the Remaining Group will continue to invest in various listed and unlisted equity securities, debt securities and funds in Hong Kong and overseas. Based on the unaudited management accounts of the Group for the financial year ended 31 December 2015, the financial assets at fair value through profit or loss held by the Remaining Group as at 31 December 2015 were valued at approximately HK\$422.57 million. During the financial year ended 31 December 2015, the Remaining Group recorded a realised loss of approximately HK\$13.08 million and an unrealised fair value gain of approximately HK\$151.32 million in its financial assets at fair value through profit or loss. Barring unforeseen circumstances, the scale of the food products operation and the securities investment business of the Remaining Group shall remain the same as those prior to the Disposal.

In view of the above, the Directors consider that there are sufficient assets and operations of the Remaining Group after the Disposal. As at the date of this announcement, the Company does not have any plan to scale down or dispose of its remaining business subsequent to the Disposal or commence any new business.

The Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Mr. Wong and Ms. Lau, who have a material interest under the Sale and Purchase Agreement, have abstained from voting on the relevant issues at the Board meeting for approving the Sale and Purchase Agreement.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Group and their financial results will not be consolidated into the financial statements of the Group.

Based on (i) the consideration receivable by the Company arising from the Disposal of HK\$49 million; (ii) the unaudited consolidated net asset value of the Disposal Group attributable to the Group (prepared in accordance with Hong Kong Financial Reporting Standards) as at 30 September 2015 of approximately HK\$48.30 million (being calculated at 100% share of the unaudited net asset value of the Disposal Group of approximately HK\$49.47 million after deducting those attributable to the non-controlling interests of approximately HK\$1.17 million); and (iii) the estimated legal and other professional expenses relating to the Disposal of approximately HK\$1.73 million, it is expected that upon Completion, for illustrative purpose only, an unaudited loss on the Disposal of approximately HK\$1.03 million will be recognised from the Disposal.

The actual gain or loss arising from the Disposal may be different from the above and shall be subject to the review by auditors and determined based on the amount of the consolidated net assets/liabilities (as the case may be) of the Disposal Group and the amount of the Sale Loan as at the Completion Date and the amount of expenses incidental to the Disposal.

USE OF PROCEEDS

It is expected that the Company will receive net cash proceeds of approximately HK\$49 million from the Disposal. The Group intends to apply HK\$44 million of such proceeds for the expansion of money lending business and the remaining HK\$5 million as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is the chairman of the Board, the executive Director and one of the substantial Shareholders, and Ms. Lau, the spouse of Mr. Wong, is the executive Director and one of the substantial Shareholders. The Purchasers are both connected persons of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules. As certain applicable percentage ratios in respect of the Disposal exceed 75%, the entering into of the Sale and Purchase Agreement constitutes a very substantial disposal of the Company and is therefore subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 19 and 20 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if though fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, Mr. Wong, Ms. Lau and their associates are interested in 1,528,116,000 Shares representing approximately 23.41% shareholding in the entire issued share capital of the Company. Each of them is required to abstain from voting in relation to the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable and how to vote in respect of the resolutions on the Disposal after taking into account the recommendation of the Independent Financial Adviser. Veda Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Disposal; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM is expected to be despatched to the Shareholders on or before 22 April 2016, as additional time is required by the Company for the preparation of certain financial information for inclusion in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the terms used herein shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong
“Certificate”	the written certificate to be issued by an independent practising accountant to be jointly appointed by the Purchasers and the Company confirming the Completion NAV as shown in the Completion Accounts
“Company”	Food Idea Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the GEM of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the unaudited consolidated balance sheet of the Disposal Group prepared in accordance with Hong Kong Financial Reporting Standards as at the Completion Date and the unaudited consolidated profit and loss account of the Disposal Group prepared in accordance with the Hong Kong Financial Reporting Standards for the period from 1 January 2016 to the Completion Date
“Completion Date”	the date falling on the third Business Day after all the conditions precedent to the Sale and Purchase Agreement have been fulfilled and satisfied or such other date as the Purchasers and the Company may agree
“Completion NAV”	the unaudited net asset value of the Disposal Group attributable to the Group as at the Completion Date as shown in the Completion Accounts

“Condition(s) Precedent”	condition(s) precedent to the Completion under the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	a preliminary consideration of HK\$49 million (subject to adjustment) which was determined in the manners as described in the paragraph headed “Consideration” of this announcement and shall be payable by the Purchasers to the Company for the Disposal pursuant to the payment terms as set out in the Sale and Purchase Agreement
“Debt Restructuring”	the debt restructuring to be carried out by the Disposal Group, pursuant to which the intra-group loans between the Disposal Group and the Remaining Group will be restructured and repaid in such manner to the satisfaction of the Purchasers, such that upon completion of the debt restructuring, other than the Sale Loan, no other liabilities, obligations and indebtedness will be due by the Disposal Group to the Remaining Group
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the assignment of the Sale Loan by the Company to the Purchasers in accordance with the terms of the Sale and Purchase Agreement
“Disposal Group”	the Target Company, together with its subsidiaries
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of the Securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Disposal
“Independent Financial Adviser”	Veda Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Wong and Ms. Lau, and their respective associates
“Long Stop Date”	31 July 2016 or such other date as the Company and the Purchasers may agree in writing
“Mr. Wong”	Mr. Wong Kwan Mo, the spouse of Ms. Lau, being the chairman of the Board, the executive Director and the substantial Shareholder holding approximately 23.41% of the issued share capital of the Company as at the date of this announcement
“Ms. Lau”	Ms. Lau Lan Ying, the spouse of Mr. Wong, being the chief executive officer of the Company and the substantial Shareholder holding approximately 23.41% of the issued share capital of the Company as at the date of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchasers”	Mr. Wong and Ms. Lau

“Remaining Group”	the Group other than the Disposal Group
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 10 March 2016 entered into between the Purchasers and the Company in relation to the Disposal
“Sale Loan”	all the liabilities, obligations and indebtedness due by Target Company to the Remaining Group on or at any time prior to the Completion, whether actual, contingent or deferred and irrespective of whether or not the same is due or payable on Completion
“Sale Shares”	100 ordinary shares in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Target Company”	GR Holdings Limited, a company incorporated in Samoa with limited liability
“%”	per cent.

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

Hong Kong, 10 March 2016

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, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang as independent non-executive Directors.

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

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