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e p i c u r e a n | 惟膳  
**Epicurean and Company, Limited**  
惟膳有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8213)**

**VERY SUBSTANTIAL ACQUISITION  
AND CONNECTED TRANSACTION  
PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERSION SHARES  
PROPOSED CONTINUING CONNECTED TRANSACTION  
AND  
RESUMPTION OF TRADING**

**SALE AND PURCHASE AGREEMENT**

On 25 June 2012 (after the trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing 100% of the existing issued share capital of Mark; and (ii) the Shareholder's Loan, representing the entire shareholder's loan due and owing by Mark to the Vendor, at the respective consideration of HK\$69,980,454.04 and HK\$10,019,545.96.

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall procure the Company to enter into the Subscription Agreement with the Vendor or its nominee(s) upon Completion in relation to the subscription for and issue of the Convertible Bond. The issue of the Convertible Bond by the Company to the Vendor or its nominee(s) pursuant to the Subscription Agreement shall constitute a full and absolute discharge of the Purchaser's payment obligations of the Consideration under the Sale and Purchase Agreement.

The Convertible Bond is convertible into Conversion Shares at the Conversion Price, being HK\$0.08 (subject to adjustment) per Conversion Share. Assuming the conversion rights attaching to the Convertible Bond are exercised in full at the initial Conversion Price, an aggregate of a maximum of 1,000,000,000 Conversion Shares shall be allotted and issued, representing approximately 60.87% of the issued share capital of the Company as at the date of this announcement and approximately 37.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares will be issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM, and will rank pari passu with the existing Shares upon issue of the Conversion Shares. No application will be made for the listing of, or permission to deal in, the Convertible Bond on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

According to the applicable Percentage Ratios, the Acquisition exceeds 100% and constitutes a very substantial acquisition for the Company pursuant to the GEM Listing Rules. Since the Vendor is wholly-owned by Mr. Tang (who is an executive Director, the sole legal and beneficial owner of First Glory, the controlling shareholder of the Company), the Vendor is a Connected Person of the Company. The Acquisition therefore also constitutes a connected transaction of the Company under the GEM Listing Rules. The Acquisition and the respective transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement are subject to the Independent Shareholders' approval under the GEM Listing Rules.

Accordingly, the EGM will be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder (including but not limited to the Acquisition, the proposed grant of the Specific Mandate, the issue of the Convertible Bond, and the issue of the Conversion Shares by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bond). First Glory and its Associates will abstain from voting at the EGM in respect of the resolutions to approve the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder.

## **TENANCY AGREEMENT**

Pursuant to the Tenancy Agreement entered into between Joint Allied Limited as the landlord and IT HK as the tenant, the Property is currently leased to IT HK for a term of three years from 1 November 2010 to 31 October 2013 at the monthly rental of HK\$99,358.00. Joint Allied Limited is principally engaged in investment holding and is a company owned by Mr. Tang's family trust in which Mr. Tang is one of the beneficiaries. Hence, Joint Allied Limited is a Connected Person of the Company. Since Joint Allied Limited is a Connected Person of the Company and the Target Group will become the indirect wholly-owned subsidiaries of the Company upon Completion, the Tenancy Agreement and the transactions contemplated thereunder will, upon Completion, constitute continuing connected transactions for the Company under the GEM Listing Rules.

If Completion takes place, the Tenancy Agreement and the transactions contemplated thereunder will constitute continuing connected transactions for the Company, and the Caps on the aggregate rentals payable under the Tenancy Agreement will be set at HK\$1,200,000 and HK\$700,000 for the financial year of the Company ending 31 March 2013 and for the seven months ending 31 October 2013 respectively based on the monthly rental under the Tenancy Agreement. As the applicable Percentage Ratios of the Caps for the Tenancy Agreement are more than 0.1% but less than 5%, the Tenancy Agreement and the transactions contemplated thereunder will, upon Completion, constitute continuing connected transactions for the Company and be subject to the reporting and announcement requirements, but exempt from the Independent Shareholders' approval requirement under the GEM Listing Rules.

## **THE INDEPENDENT BOARD COMMITTEE**

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder (including but not limited to the Acquisition, the proposed grant of the Specific Mandate, the issue of the Convertible Bond, and the issue of the Conversion Shares by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bond) were negotiated on an arm's length basis between the parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

An Independent Board Committee comprising all the independent non-executive Directors of the Company has been formed to give recommendations to the Independent Shareholders in relation to the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder, and the Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to thereto.

## **EGM**

A circular containing, among other things, (a) further details of the Acquisition, the Sale and Purchase Agreement and the Subscription Agreement; (b) the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser regarding the terms of the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder; (c) the proposed grant of the Specific Mandate; and (d) the notice of the EGM, will be despatched to the Shareholders. It is expected that the circular will be despatched to the Shareholders on or before 20 July 2012.

**Shareholders and potential investors should note that Completion is subject to the fulfillment of the Conditions Precedent under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 26 June 2012 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in Shares with effect from 9:00 a.m. on 29 June 2012.

## **A. THE SALE AND PURCHASE AGREEMENT**

On 25 June 2012 (after the trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor.

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

### **Date**

25 June 2012

### **Parties**

Vendor: Strong Venture Limited

Purchaser: Theola Limited, an indirect wholly-owned subsidiary of the Company

### **Assets to be acquired**

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell (i) the Sale Share, representing 100% of the issued share capital of Mark; and (ii) the Shareholder's Loan, representing the entire shareholder's loan due and owing by Mark to the Vendor.

### **Consideration**

The consideration for the Sale Share is HK\$69,980,454.04 and the consideration for the Shareholder's Loan is HK\$10,019,545.96.

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall procure the Company to enter into the Subscription Agreement with the Vendor or its nominee(s) upon Completion in relation to the subscription for and issue of the Convertible Bond. The issue of the Convertible Bond by the Company to the Vendor or its nominee(s) pursuant to the Subscription Agreement shall constitute a full and absolute discharge of the Purchaser's payment obligations of the Consideration under the Sale and Purchase Agreement.

The total consideration in the sum of HK\$80,000,000 for the Acquisition was determined after arm's length negotiations based on normal commercial terms and: (a) in relation to the Sale Share, with reference to the following factors, namely, (i) the historical performance of the Target Group, in particular, a multiple of approximately 9.8 times of the unaudited consolidated net profit after tax of the Target Group for the year ended 31 December 2011, (ii) the future development potential of the Target Group, including but not limited to the recently acquired franchise rights within the areas of Guangdong Province and Taiwan, and (iii) the existing establishment of the Target Group including but not limited to the brand names and the network of the currently operating restaurants, café and cake shops in Hong Kong; and (b) in relation to the Shareholder's Loan, on a dollar-for-dollar basis.

## Conditions precedent

Completion is conditional upon the following Conditions Precedent being satisfied or, to such extent as the Purchaser thinks fit and is legally entitled to do so, waived (whether in full or in part, and with or without conditions) by the Purchaser on or before the Longstop Date:

- (a) the Vendor having facilitated the Purchaser to undertake a legal, financial, operational, tax accounting and business due diligence investigation in respect of the Target Group, and the results of which are satisfactory to the Purchaser;
- (b) all applicable law, rules and regulations (including but without limitation to the GEM Listing Rules) for entering into the transactions contemplated under the Sale and Purchase Agreement, the Subscription Agreement and the Assignment of Loan having been complied with;
- (c) approval by the Independent Shareholders at the EGM for the Sale and Purchase Agreement and all transactions contemplated thereunder having been obtained;
- (d) all necessary approvals in respect of the transactions contemplated under the Sale and Purchase Agreement, the Assignment of Loan and the Subscription Agreement (including but not limited to the issue of the Convertible Bond, the allotment and issue of the Conversion Shares, and the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares on the GEM) having been obtained;
- (e) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects and not misleading in any material respect immediately prior to Completion by reference to the facts and circumstances subsisting immediately prior to Completion; and
- (f) there has been no material adverse change of each member of the Target Group immediately prior to completion.

If any of the Conditions Precedent (which have not previously been waived by the Purchaser) have not been satisfied on or before 5:00 p.m. (Hong Kong time) on the Longstop Date, then the Purchaser may on that date, at its option (but without prejudice to any other right or remedy it may have), by notice to the Vendor:

- i. waive, to such extent as it thinks fit and is legally entitled to do so, the Conditions Precedent (except the Conditions Precedent set out in paragraphs (b), (c) and (d)) which have not been satisfied;
- ii. postpone Completion to a date (being a Business Day) falling not more than 30 Business Days after the Longstop Date; or
- iii. rescind the Sale and Purchase Agreement, in which the Sale and Purchase Agreement shall automatically be terminated with immediate effect and each party's rights and obligations shall cease immediately on termination. Such termination shall not affect the rights and obligations of the Vendor or the Purchaser existing before termination.

Completion shall take place within 3 Business Days after the date on which all the Conditions Precedent set out above have been fulfilled or waived by the Purchaser in accordance with the terms of the Sale and Purchase Agreement (or on such later date as the parties may agree in writing).

Upon Completion, the Purchaser shall procure the Company to enter into the Subscription Agreement with the Vendor or its nominee(s) in relation to the subscription for and issue of the Convertible Bond.

## **B. PRINCIPAL TERMS OF THE CONVERTIBLE BOND**

The principal terms of the Convertible Bond (which are set out in the Subscription Agreement and agreed by the parties under the Sale and Purchase Agreement) are summarised as follows:

|                            |   |
|----------------------------|---|
| Total principal amount:    | HK\$80,000,000  |
| Issue price:               | At the full face value of the Convertible Bond  |
| Redemption:                | Unless previously converted, the Company shall repay the Convertible Bond in full with all interest accrued thereon up to and including the maturity date   |
| Conversion Price:          | HK\$0.08 per Conversion Share, subject to adjustments for, among other things, customary anti-dilution provisions summarised below  |
| Anti-dilution adjustments: | <p>The Conversion Price shall from time to time be adjusted upon the occurrence of certain events including but not limited to the followings:–</p> <ul style="list-style-type: none"><li>(i) consolidation, sub-division or reclassification of the Shares;</li><li>(ii) capitalization of profits or reserves;</li><li>(iii) capital distribution of Shares; and</li><li>(iv) the Company's issue for cash any Shares or other securities which are convertible into new Shares, and the consideration per Share initially receivable for such securities is less than 92% of the market price as at the date of the announcement of the terms of issue of such securities. For the purpose of this provision, "market price" means the average of the closing price per Share for each of the last ten Stock Exchange trading days on which dealings in the Shares on the Stock Exchange took place ending on such trading day last preceding the day on or as of which the market price is to be ascertained.</li></ul> |

The anti-dilution adjustment provisions contained in the Convertible Bond are all customary in nature. Given that the Conversion Price of HK\$0.08 per Conversion Share represents a premium of approximately 21.21% to the closing price of the Shares of HK\$0.066 per Share on the Last Trading Day, the Directors are of the view that all the anti-dilution adjustment provisions contained in the Convertible Bond including but not limited to the adjustment provision set out in paragraph (iv) above were negotiated on an arm's length basis and are fair and reasonable, and the issue of the Convertible Bond pursuant to the terms and provisions of the Sale and Purchase Agreement and the Subscription Agreement in discharge of the Purchaser's payment obligations of the Consideration are in the best interests of the Company and its shareholders as a whole.

- Maturity date: The third anniversary of the date of issue of the Convertible Bond
- Interest rate: 2% per annum, payable at the end of each March, June, September and December commencing on the date of issue of the Convertible Bond on the principal amount of the Convertible Bond outstanding from time to time
- If the Company does not pay any sum payable under the Convertible Bond when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum at the rate of eight (8) per cent. per annum for the period beginning on its due date and ending on the date of actual payment
- Transferability: The Convertible Bond is freely transferable (whether in whole or in part) provided that: (i) it may not, without the prior written consent of the Company, be transferred to any person who is at the time of such transfer a connected person of the Company; and (ii) the principal amount to be transferred is at least HK\$1,000,000 and in integral multiples of HK\$1,000,000
- Conversion: Subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, the Convertible Bondholder will have the right during the Conversion Period, to convert the whole or part of such principal amount of the Convertible Bond into the Conversion Shares at the Conversion Price PROVIDED THAT any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirement as stipulated by the GEM Listing Rules at the time of such conversion.

|                                   |   |
|-----------------------------------|---|
| Conversion Shares:                | Upon full conversion of the Convertible Bond and assuming no adjustment to the Conversion Price of HK\$0.08 per Conversion Share and there is no further issue of the Shares (other than the Conversion Shares), a total number of 1,000,000,000 Conversion Shares will be issued upon conversion, representing approximately 60.87% of the number of Shares in issue and approximately 37.84% of the number of Shares in issue as enlarged by the issue of the Conversion Shares |
| Ranking of the Conversion Shares: | The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the date of allotment and issue of such Conversion Shares   |
| Early repayment:                  | The Company may upon mutual agreement with the Convertible Bondholder request for early repayment of all or part of the outstanding sums under the Convertible Bond on terms as may be mutually agreed between the Company and the Convertible Bondholder   |
| Voting:                           | Holder of the Convertible Bond will not be entitled to attend or vote at any meetings of the Company by reason only of its being a bondholder   |
| Listing:                          | No application will be made for the listing of, or permission to deal in the Convertible Bond on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares that may be issued upon the conversion of the Convertible Bond  |

Pursuant to the terms of the Convertible Bond, the exercise of the conversion rights attached to the Convertible Bond and the issue of the Conversion Shares are also subject to the memorandum and articles of association of the Company and the GEM Listing Rules. Any issue of the Conversion Shares or adjustment to the Conversion Price shall not be below the par value of the Shares.

The Conversion Shares will be issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM.

The Conversion Price of HK\$0.08 per Conversion Share represents:

- (a) a premium of approximately 21.21% to the closing price of the Shares of HK\$0.0660 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 17.99% to the average closing price of the Shares of HK\$0.0678 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a premium of approximately 14.94% to the average closing price of the Shares of HK\$0.0696 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Vendor with reference to the prevailing market price of the Shares and current market conditions.



## C. SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,642,950,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; for illustrative purpose (ii) immediately after the exercise of the conversion rights attached to the Convertible Bond in full at the initial Conversion Price of HK\$0.08 per Conversion Share; and (iii) immediately after the exercise of the conversion rights attached to the Convertible Bond at the initial Conversion Price of HK\$0.08 per Conversion Share to the maximum extent that the Company will continue to meet the current public float requirement of 25% under the GEM Listing Rules, assuming that there will be no other change in the shareholding structure of the Company immediately before the exercise of the conversion rights attached to the Convertible Bond will be as follows:

| Shareholders   | Shareholdings as at the date of this announcement |                      | Shareholding immediately after the full conversion of the Convertible Bond at the initial Conversion Price |                      | Shareholding immediately after the conversion of the Convertible Bond at the initial Conversion Price to the maximum extent that the Company will continue to meet the public float requirement |                      |
|--|---|----------------------|--|----------------------|---|----------------------|
|  | <i>No. of Shares</i>                              | <i>Approx. %</i>     | <i>No. of Shares</i>   | <i>Approx. %</i>     | <i>No. of Shares</i>  | <i>Approx. %</i>     |
|  |   |                      |  |                      |   |                      |
| First Glory ( <i>note 1</i> ) and the Convertible Bondholder ( <i>note 2</i> ) | 1,073,810,083                                     | 65.36                | 2,073,810,083  | 78.47                | 1,695,019,751   | 74.86                |
| Mr. Lee Shun Hon, Felix ( <i>note 3</i> )                                      | 3,100,000   | 0.19                 | 3,100,000  | 0.12                 | 3,100,000   | 0.14                 |
| Public shareholders  | <u>566,039,917</u>                                | <u>34.45</u>         | <u>566,039,917</u>   | <u>21.41</u>         | <u>566,039,917</u>  | <u>25.00</u>         |
| Total  | <u><u>1,642,950,000</u></u>                       | <u><u>100.00</u></u> | <u><u>2,642,950,000</u></u>  | <u><u>100.00</u></u> | <u><u>2,264,159,668</u></u>   | <u><u>100.00</u></u> |

### Notes:

1. First Glory directly holds 1,073,810,083 Shares of the Company (representing approximately 65.36% of the existing total issued share capital in the Company). First Glory also holds convertible bonds (“Existing Convertible Bonds”) issued by the Company in the aggregate principal amount of HK\$39 million pursuant to which a total of 650,000,000 Shares of the Company will be issued upon full conversion at the adjusted conversion price of HK\$0.060 per share. Mr. Tang, an executive Director, is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the said 1,073,810,083 Shares and the Existing Convertible Bonds which First Glory is interested in.
2. Mr. Tang is the ultimate beneficial owner of the Vendor and First Glory. As such, the ultimate beneficial owner of First Glory shall be the same as the ultimate beneficial owner of the Convertible Bondholder. Upon full conversion of the Convertible Bond, a total number of 1,000,000,000 Conversion Shares will be issued upon conversion. However, this is only a hypothetical situation in the current shareholding structure. Pursuant to the terms of the Convertible Bond, any exercise of the conversion rights attached to the Convertible Bond shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirement as stipulated by the GEM Listing Rules at the time of such conversion. In order to maintain the current public float requirement of 25% under the GEM Listing Rules, the Convertible Bondholder can only convert up to 621,209,668 Conversion Shares in the current shareholding structure.
3. Mr. Lee Shun Hon, Felix is an executive Director.

## **D. THE TENANCY AGREEMENT**

Pursuant to the Tenancy Agreement entered into between Joint Allied Limited as the landlord and IT HK as the tenant, the Property is currently leased to IT HK for a term of three years from 1 November 2010 to 31 October 2013 at the monthly rental of HK\$99,358.00. Joint Allied Limited is principally engaged in investment holding and is a company owned by Mr. Tang's family trust in which Mr. Tang is one of the beneficiaries. Hence, Joint Allied Limited is a Connected Person of the Company. The Property is used by the Target Group as its office and cake factory.

Since Joint Allied Limited is a Connected Person of the Company and the Target Group will become the indirect wholly-owned subsidiaries of the Company upon Completion, the Tenancy Agreement and the transactions contemplated thereunder will, upon Completion, constitute continuing connected transactions for the Company under the GEM Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the monthly rental under the Tenancy Agreement reflects the market rental and the terms of the Tenancy Agreement are fair and reasonable and on normal commercial terms.

If Completion takes place, the Tenancy Agreement and the transactions contemplated thereunder will, upon Completion, constitute continuing connected transactions for the Company, and the Caps on the aggregate rentals payable under the Tenancy Agreement will be set at HK\$1,200,000 and HK\$700,000 for the financial year of the Company ending 31 March 2013 and for the seven months ending 31 October 2013 respectively based on the monthly rental under the Tenancy Agreement.

## **E. INFORMATION ON THE TARGET GROUP**

Mark was incorporated in Hong Kong on 18 May 2007, having an authorised share capital of 10,000 ordinary shares, of which 1 share has been issued and fully paid up. It is wholly-owned by the Vendor.

Mark is principally engaged in investment holding. The Target Group comprises Mark and its direct wholly-owned subsidiaries, namely, IT HK, IT PRC and IT TW, all of which were incorporated in Hong Kong. IT HK was incorporated in March 1991, while IT PRC and IT TW were both recently incorporated in May 2012. The original purchase cost of IT HK was Yen 300,000,000.

IT HK is a franchisee of the Franchise within the area of Hong Kong and is principally engaged in operating restaurants, café and cake shops under the brand name "Italian Tomato" and other related brand names. IT HK holds the Franchise pursuant to various franchise agreements signed with the Franchisor since 1996. Pursuant to the supplemental agreement recently signed in May 2012, the term of the Franchise was extended and shall be effective until 31st August 2022, subject to automatic renewal of 10 years for the same terms every 10 years afterwards. As at the date of this announcement, IT HK has been operating 25 restaurants, café and cake shops in Hong Kong under the brand name "Italian Tomato" and other related brand names.

As IT PRC was recently incorporated in May 2012, it has not engaged in any business as at the date of this announcement. IT PRC was set up by the Vendor and the set up cost is approximately HK\$5,500. IT PRC has entered into a franchise agreement with the Franchisor on 1 June 2012 to develop the Franchise within the area of Guangdong Province, the People's Republic of China, which shall be effective for 20 years from the date of the agreement, subject to automatic renewal every 10 years afterwards.

As IT TW was recently incorporated in May 2012, it has not engaged in any business as at the date of this announcement. IT TW was set up by the Vendor and the set up cost is approximately HK\$5,500. IT TW has entered into a franchise agreement with the Franchisor on 15 June 2012 to develop the Franchise within the area of Taiwan, which shall be effective for 20 years from the date of the agreement, subject to automatic renewal every 10 years afterwards.

Set out below are certain unaudited consolidated financial information of the Target Group for each of the two financial years ended 31 December 2011:

|                        | <b>For the<br/>year ended<br/>31 December<br/>2010<br/>HK\$<br/>(approximately)</b> | <b>For the<br/>year ended<br/>31 December<br/>2011<br/>HK\$<br/>(approximately)</b> |
|------------------------|---|---|
| Net profits before tax | 7,665,000   | 8,525,000   |
| Net profits after tax  | <u>6,371,000</u>  | <u>7,124,000</u>  |

The unaudited consolidated net asset value of the Target Group as at 31 March 2012 was approximately HK\$14,557,000.

Upon completion of the Acquisition, the companies within the Target Group will become indirect wholly-owned subsidiaries of the Company and their results will be consolidated into the Group's financial results.

## **F. REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

As discussed in the annual report of the Company for the financial year ended 31 March 2012, the Company will seek for further opportunities of growth in order to achieve the Company's ultimate goal as a market leader in the food and beverage industry. The Company has been exploring, both locally and overseas, different varieties of brands that will help to complement the Group's existing portfolio, and more importantly, enhance the Group's competitiveness. As IT HK generated profits and positive cash flows in the past few years and IT PRC and IT TW were established in May 2012 to further develop the Franchise within the area of Guangdong Province, the People's Republic of China and Taiwan respectively, the Board believes that the proposed Acquisition will offer business opportunities to the Group in developing new brands under the Group's food and beverage business that would further enhance the Group's income and strengthen the Group's market position.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement, the Subscription Agreement, the Assignment of Loan and the respective transactions contemplated thereunder (including but not limited to the Acquisition, the proposed grant of the Specific Mandate, the issue of the Convertible Bond, and the issue of the Conversion Shares by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bond) were negotiated on an arm's length basis between the parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **G. EQUITY FUND-RASING ACTIVITIES DURING THE PAST 12 MONTHS**

The Company has not carried out any equity fund-raising activities during the 12 months immediately preceding the date of this announcement, save and except the rights issue by the Company on the basis of one rights share for every two existing shares at HK\$0.06 per rights share. The Company has raised approximately HK\$31.8 million after expenses by way of the rights issue pursuant to which 547,650,000 ordinary shares of the Company have been issued. Please refer to the prospectus of the Company dated 28 October 2011 and the announcement of the Company dated 16 November 2011 for further details of the rights issue.

## **H. IMPLICATION UNDER THE GEM LISTING RULES**

### **The Sale and Purchase Agreement**

According to the applicable Percentage, the Acquisition exceeds 100% and constitutes a very substantial acquisition for the Company pursuant to the GEM Listing Rules. Since the Vendor is wholly-owned by Mr. Tang (who is an executive director, the sole legal and beneficial owner of First Glory, the controlling shareholder of the Company), the Vendor is a Connected Person of the Company. The Acquisition therefore also constitutes a connected transaction of the Company under the GEM Listing Rules. The Acquisition and the respective transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement are subject to the Independent Shareholders' approval under the GEM Listing Rules.

Accordingly, the EGM will be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Subscription Agreement, the Assignment of Loan and the respective transactions contemplated thereunder (including but not limited to the Acquisition, the proposed grant of the Specific Mandate, the issue of the Convertible Bond, and the issue of the Conversion Shares by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bond). First Glory and its Associates will abstain from voting at the EGM in respect of the resolutions to approve the Sale and Purchase Agreement, the Subscription Agreement, the Assignment of Loan and the respective transactions contemplated thereunder.

### **The Tenancy Agreement**

As the applicable Percentage Ratios of the Caps for the Tenancy Agreement are more than 0.1% but less than 5%, the Tenancy Agreement and the transactions contemplated thereunder will, upon Completion, constitute continuing connected transactions for the Company and be subject to the reporting and announcement requirements, but exempt from the Independent Shareholders' approval requirement under the GEM Listing Rules.

As Mr. Tang has a material interest in the transactions contemplated under the Sale and Purchase Agreement, the Assignment of Loan, the Subscription Agreement and the Tenancy Agreement, he has abstained from voting on the relevant board resolutions.

## **I. INDEPENDENT BOARD COMMITTEE**

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement, the Subscription Agreement, the Assignment of Loan and the respective transactions contemplated thereunder (including but not limited to the Acquisition, the proposed grant of the Specific Mandate, the issue of the Convertible Bond, and the issue of the Conversion Shares by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bond) were negotiated on an arm's length basis between the parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

An Independent Board Committee comprising all the independent non-executive Directors of the Company has been formed to give recommendations to the Independent Shareholders in relation to the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder, and the Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to thereto.

## **J. EGM**

A circular containing, among other things, (a) further details of the Acquisition, the Sale and Purchase Agreement and the Subscription Agreement; (b) the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser regarding the terms of the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder; (c) the proposed grant of the Specific Mandate; and (d) the notice of the EGM, will be despatched to the Shareholders. It is expected that the circular will be despatched to the Shareholders on or before 20 July 2012.

## **K. RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 26 June 2012 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in Shares with effect from 9:00 a.m. on 29 June 2012.

## **L. GENERAL INFORMATION**

The Group is principally engaged in the food and beverage business.

The Vendor is principally engaged in investment holding.

## M. DEFINITIONS

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

|                          |  |
|--------------------------|--|
| “Acquisition”            | the acquisition of the Sale Share and the Shareholder’s Loan pursuant to the Sale and Purchase Agreement   |
| “Assignment of Loan”     | the deed of assignment of the Shareholder’s Loan to be executed by the Vendor in favour of the Purchaser   |
| “Associates”             | has the meaning ascribed thereto in the GEM Listing Rules, unless otherwise specified  |
| “Board”                  | the board of Directors   |
| “Business Day”           | a day (other than Saturday) on which banks in Hong Kong are generally open for business  |
| “Caps”                   | the annual caps for the continuing connected transactions under the Tenancy Agreement  |
| “Company”                | Epicurean and Company, Limited ( 惟膳有限公司 ), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM                                       |
| “Completion”             | completion of the sale and purchase of the Sale Share and the Shareholder’s Loan in accordance with terms of the Sale and Purchase Agreement   |
| “Completion Date”        | the date on which Completion takes place under the Sale and Purchase Agreement   |
| “Conditions Precedent”   | conditions precedent to Completion under the Sale and Purchase Agreement   |
| “Connected Person”       | has the meaning ascribed thereto in the GEM Listing Rules  |
| “Consideration”          | the total consideration for the acquisition of the Sale Share and the Shareholder’s Loan which is in the sum of HK\$80,000,000   |
| “Convertible Bond”       | the convertible bond(s) in the aggregate principal amount equivalent to the Consideration (i.e. HK\$80,000,000) to be issued by the Company upon Completion pursuant to the Subscription Agreement |
| “Convertible Bondholder” | the person/entity who is for the time being the holder of the Convertible Bond   |

|                       |   |
|-----------------------|---|
| “Conversion Period”   | the period commencing from the 10th Business Day after the issue date of the Convertible Bond and ending on the 10th Business Day immediately prior to the Maturity Date (both days inclusive)  |
| “Conversion Price”    | HK\$0.08 per Conversion Share, subject to adjustments, pursuant to the terms and conditions of the Convertible Bond   |
| “Conversion Share(s)” | new Share(s) which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Bond   |
| “Director(s)”         | director(s) of the Company  |
| “EGM”                 | an extraordinary general meeting of the shareholders of the Company to be convened for the purpose of, among other things, considering and, if thought fit, approving the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder (including but not limited to the Acquisition, the proposed grant of the Specific Mandate, the issue of the Convertible Bond, and the issue of the Conversion Shares by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bond) |
| “First Glory”         | First Glory Holdings Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company   |
| “Franchise”           | The franchises owned by the Franchisor relating to the systems for the setting up and operating restaurants, café and cake shops under the brand name “Italian Tomato” and other related brand names that provide and serve Italian cuisine, cakes, ice-cream, Japanese beverages and products as well as the related knowhow for making cakes and other products   |
| “Franchisor”          | 株式会社イタリアントマト (“Italian Tomato Company Limited”), a company incorporated in Japan  |
| “GEM”                 | Growth Enterprise Market of The Stock Exchange of Hong Kong Limited   |
| “GEM Listing Rules”   | the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange   |
| “Group”               | the Company and its subsidiaries  |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong   |

|                                 |   |
|---------------------------------|---|
| “Independent Board Committee”   | an independent board committee of the Board, comprising Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter, being all the independent non-executive Directors, which has been formed to make recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder |
| “Independent Financial Adviser” | the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Subscription Agreement and the respective transactions contemplated thereunder  |
| “Independent Shareholders”      | those shareholders of the Company who are not required to abstain from voting at the EGM under the GEM Listing Rules  |
| “IT HK”                         | I. T. H. K. Limited (formerly known as Billion Top Limited), a company duly incorporated in Hong Kong and a direct wholly-owned subsidiary of Mark  |
| “IT PRC”                        | I.T. PRC Limited, a company duly incorporated in Hong Kong and a direct wholly-owned subsidiary of Mark   |
| “IT TW”                         | I.T. TW Limited, a company duly incorporated in Hong Kong and a direct wholly-owned subsidiary of Mark  |
| “Last Trading Day”              | 25 June 2012, being the last trading day immediately before the date of this announcement   |
| “Longstop Date”                 | 31 December 2012  |
| “Mark”                          | Mark Limited (瑪威有限公司), a company incorporated in Hong Kong  |
| “Mr. Tang”                      | Mr. Tang Sing Ming Sherman, an executive Director and the chairman of the Board   |
| “Percentage Ratios”             | shall have the meaning as ascribed to it under Chapter 19 of the GEM Listing Rules  |
| “Property”                      | (a) Units G, H, I, J, K, L, M, N, O on 6/F, Wah Lik Industrial Centre, 459-469 Castle Peak Road, Tsuen Wan, N.T., Hong Kong and (b) Lorry Car Parking Spaces 2 and 6 on 1/F, Wah Lik Industrial Centre, 459-469 Castle Peak Road, Tsuen Wan, N.T., Hong Kong  |
| “Purchaser”                     | Theola Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company   |



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|-------------------------------|--|
| “Sale and Purchase Agreement” | the conditional agreement dated 25 June 2012 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Share and the Shareholder’s Loan   |
| “Sale Share”                  | 1 share with a nominal value of HK\$1 in the share capital of Mark, representing 100% of the issued share capital of Mark  |
| “Shareholder(s)”              | holder(s) of the Shares  |
| “Shareholder’s Loans”         | the loans due and owing by Mark to the Vendor as at the date of the Sale and Purchase Agreement  |
| “Share(s)”                    | ordinary share(s) with a nominal value of HK\$0.01 each in the Company   |
| “Specific Mandate”            | a specific mandate to be approved by the Independent Shareholders at the EGM to authorise the Directors to issue and allot the Conversion Shares to the Convertible Bondholder upon the exercise of the conversion rights attached to the Convertible Bond |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited  |
| “Subscription Agreement”      | the subscription agreement to be entered into between the Company and the Vendor or its nominee(s) upon Completion for the subscription of the Convertible Bond  |
| “Target Group”                | Mark, IT HK, IT PRC and IT TW  |
| “Tenancy Agreement”           | the tenancy agreement dated 29 March 2012 entered into between Joint Allied Limited as the landlord and IT HK as the tenant in respect of the Property   |
| “Vendor”                      | Strong Venture Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Tang   |
| “Yen”                         | Japanese Yen, the lawful currency of Japan   |
| “%”                           | per cent   |

By order of the Board of  
**Epicurean and Company, Limited**  
**Tang Sing Ming Sherman**  
*Chairman*

Hong Kong, 28 June 2012

*As at the date of this announcement, the Company's executive Directors are Mr. Tang Sing Ming Sherman, Mr. Lee Shun Hon, Felix; the independent non-executive Directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*