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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION –  
DISPOSAL OF INTEREST IN CERTAIN SUBSIDIARIES  
AND  
POSSIBLE CONTINUING CONNECTED TRANSACTIONS**

**THE DISPOSAL**

On 18 August 2015 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to (i) sell to the Purchaser the Disposal Share, representing the entire issued share capital of Alworth, and (ii) assign to the Purchaser the Shareholder's Loans together with all rights, interests, benefits and title therein calculated up to the Completion Date, for the Aggregate Consideration.

As the applicable percentage ratios in respect of the Sale and Purchase Agreement exceed 5% but are less than 25%, the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

Since the Purchaser is wholly-owned by Mr. Tang, who is a Director, the Purchaser is a connected person of the Company. As such, the Sale and Purchase Agreement also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios in respect of the Sale and Purchase Agreement aggregated with a previous *de minimis* transaction are less than 25% but the total consideration is more than HK\$10,000,000, the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules which is subject to reporting, announcement and Independent Shareholders' approval requirement under Rule 20.74(2) of the GEM Listing Rules.

## **POSSIBLE CONTINUING CONNECTED TRANSACTIONS**

The Group has been effecting the following types of ongoing transactions:

### **(a) Management Agreements**

EMAL, an indirect wholly-owned subsidiary of the Company and a member of the Remaining Group, has been providing management services to the Rainbow Sky Group and Galactia Group pursuant to the Capitaine Management Agreement and Portman Management Agreement since 30 March 2012 and 1 April 2013, respectively.

### **(b) Food Catering and Processing Services**

Qualifresh, an indirect 70%-owned subsidiary of the Company and a member of the Remaining Group, has been providing Food Catering and Processing Services to the Galactia Group since 1 March 2013.

If the Completion under the Sale and Purchase Agreement takes place, the Management Agreements and the Food Catering and Processing Services between the Remaining Group and the Disposal Group will constitute continuing connected transactions of the Company, as Mr. Tang is a Director and a connected person of the Company.

### **(c) Corporate Guarantee**

In addition, Portman (a member of the Galactia Group) as the borrower is currently indebted to a bank in the principal sum of approximately HK\$2,027,000. The Company has provided the Corporate Guarantee to the bank guaranteeing the repayment obligations of the said bank loan by Portman. Accordingly, if the Completion under the Sale and Purchase Agreement takes place, the Company's provision of financial assistance (in the form of the Corporate Guarantee) for the bank loan of Portman will constitute a continuing connected transaction of the Company as defined under the GEM Listing Rules.

The Company will comply with the applicable requirements under the GEM Listing Rules in relation to the possible continuing connected transactions in relation to the Management Agreements, Food Catering and Processing Services and the Corporate Guarantee if such possible continuing connected transactions take place after the Completion.

## **THE DISPOSAL**

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

On 18 August 2015 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to (i) sell to the Purchaser the Disposal Share, representing the entire issued share capital of Alworth, and (ii) assign to the Purchaser

the Shareholder's Loans together with all rights, interests, benefits and title therein calculated up to the Completion Date, for the Aggregate Consideration. The details of the Sale and Purchase Agreement are as follows:

**Date**

18 August 2015

**Parties**

- (1) Marvel Success Limited (a direct wholly-owned subsidiary of the Company) as the vendor
- (2) Simply Global Investments Limited as the purchaser

**Subject matter**

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to (i) sell to the Purchaser the Disposal Share, representing the entire issued share capital of Alworth, and (ii) assign to the Purchaser the Shareholder's Loans together with all rights, interests, benefits and title therein calculated up to the Completion Date, for the Aggregate Consideration.

**Consideration**

The Aggregate Consideration for the sale and purchase of Disposal Share and the Shareholder's Loans shall be in the total sum of HK\$45 million, which shall be apportioned in the following manner:

- (i) the amount payable for the Loan Consideration shall equal to the amount of the outstanding loan owed by Alworth to the Vendor accrued up to the Completion Date; and
- (ii) the remaining sum shall be the amount payable for the Share Consideration.

The Aggregate Consideration shall be payable by the Purchaser upon Completion by way of set-off in the following manner (or by settlement in such other manner as the Vendor and the Purchaser may agree):

The Purchaser shall procure Mr. Tang to execute a confirmation letter confirming that the total amount of the Aggregate Consideration will be settled by way of set-off against HK\$45 million, representing part of the existing indebtedness owed by EMAL to Mr. Tang.

The Aggregate Consideration was determined after arm's length negotiations based on normal commercial terms, having regard to the net asset value of the Disposal Group and the total amount of the Shareholder's Loans outstanding as at the Completion Date.

### **Conditions Precedent**

Completion of the sale and purchase of the Disposal Share and the Shareholder's Loans shall be conditional upon the satisfaction of the following Conditions Precedent:

- (a) all applicable legal requirements, rules and regulations, including but not limited to the GEM Listing Rules for implementing all the transactions contemplated under the Sale and Purchase Agreement having been duly complied with by the Company; and
- (b) the Company having obtained the necessary approvals from the Independent Shareholders with respect to the transactions contemplated under the Sale and Purchase Agreement.

None of the Conditions Precedent can be waived. In the event that any of the Conditions Precedent is not fulfilled by the Longstop Date, the Vendor and the Purchaser agreed that the Sale and Purchase Agreement will lapse, and become null and void and the Vendor and the Purchaser will be released from all obligations thereunder, save for the liabilities of any antecedent breaches thereof.

### **Completion**

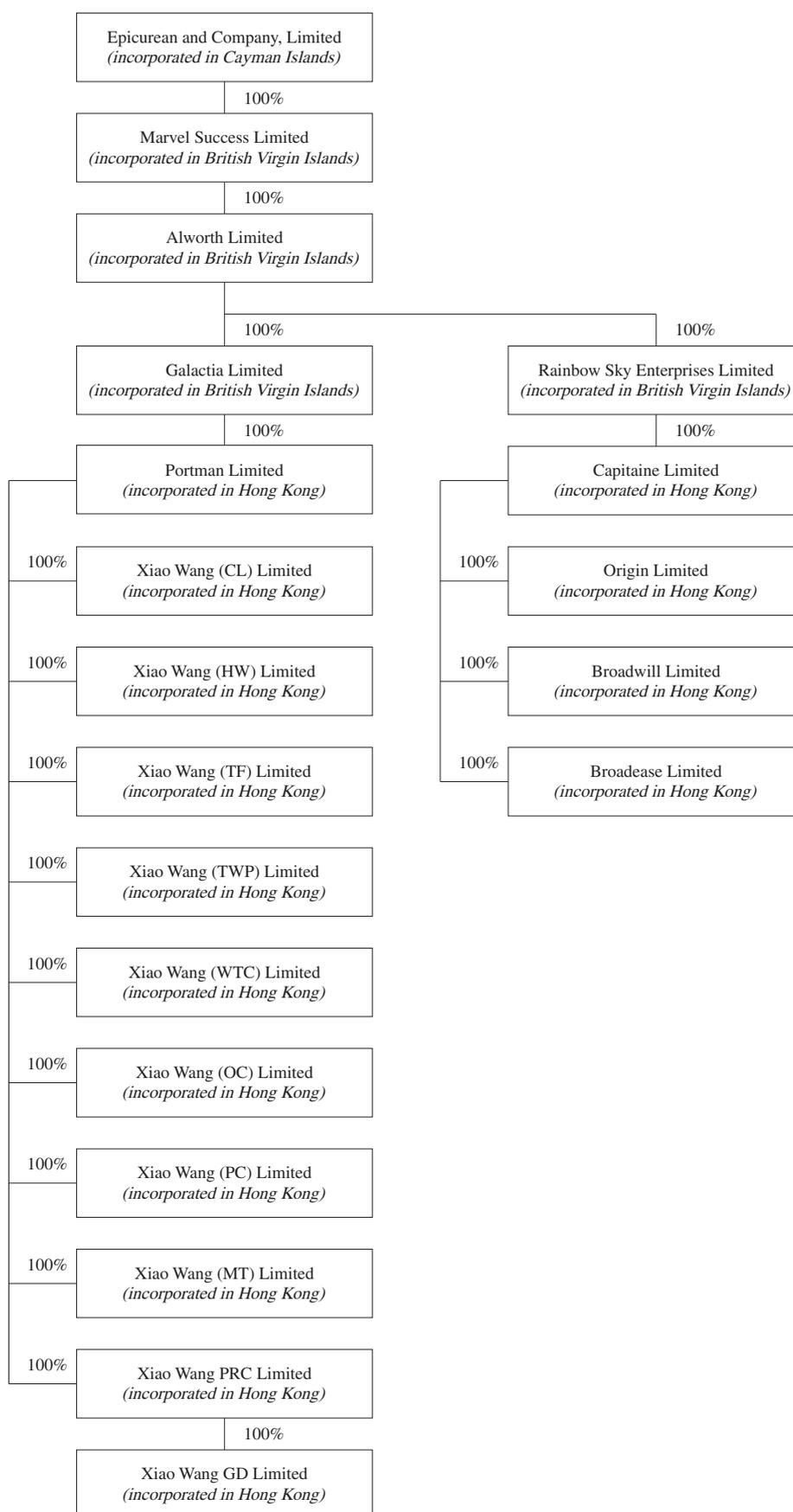
Completion shall take place within five Business Days following the satisfaction of the Conditions Precedent.

After the Completion, the Company will cease to have any interest in the Disposal Group (namely, Alworth and its subsidiaries, comprising (i) Galactia together with all of its subsidiaries; and (ii) Rainbow Sky together with all of its subsidiaries), and all the members of the Disposal Group will cease to be subsidiaries of the Company.

### **INFORMATION ON THE DISPOSAL GROUP**

The Disposal Group consists of Alworth and its subsidiaries, comprising (a) Galactia together with all of its subsidiaries; and (b) Rainbow Sky together with all of its subsidiaries. The Disposal Group is principally engaged in two separate lines of restaurant business, namely, (i) the restaurants with the concept of Taiwanese beef noodles operated by the Galactia Group under the brand name of Xiao Wang Beef Noodle 小王牛肉麵; and (ii) the Shanghainese dining restaurants operated by the Rainbow Sky Group under the brand name of Xia Fei 霞飛. As at the date of this announcement, there are a total of 7 existing restaurants under the brand name of Xiao Wang Beef Noodle 小王牛肉麵 and a total of 3 existing restaurants under the brand name of Xia Fei 霞飛 in business operations.

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



As at 30 June 2015, based on the unaudited and consolidated management accounts of the Disposal Group, the net asset value was approximately HK\$29.1 million (excluding the entire Shareholder's Loans, which is approximately HK\$42.9 million as at 30 June 2015). The before and after tax consolidated profit or loss of the Disposal Group for the two years ended 31 March 2014 and 2015 were as follows:

	<b>For the financial year ended 31 March 2014 (unaudited) HK\$'000</b>	<b>For the financial year ended 31 March 2015 (unaudited) HK\$'000</b>
Net profit/(loss) before taxation	(1,534)	2,002
Net profit/(loss) after taxation	(1,340)	1,625

Subject to audit, it is expected that the Group will record a gain of approximately HK\$15.9 million from the Disposal, which is calculated with reference to the difference between the Aggregate Consideration and the expected unaudited consolidated net asset value of the Disposal Group attributable to the Disposal Share at Completion.

It is expected that the net proceeds from the Disposal will be used to repay part of the existing indebtedness owed by the Group to Mr. Tang by way of set-off.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in the food and beverage business. Apart from the two separate lines of restaurant business operated by the Disposal Group under the concepts of Taiwanese beef noodles and the Shanghainese cuisine, all the other existing restaurants operated by the Group are Japan-related brands, including Japanese tonkatsu under the brand of Ginza Bairin 銀座梅林, the restaurants, café and cake shops under the Japanese brands of Italian Tomato, Yumemiya 夢見屋 and Caffé Superiore, the Japanese curry specialty stores under the name of Shirokuma Curry 白熊咖喱, the Japanese ramen under the name of Mutsumiya 睦美屋 and the Japanese izakaya under the name of Enmaru 炎丸.

The Directors consider that the proposed Disposal will enable the Group to focus on its Japan-related brands, so that more resources can be directed to the development of these Japan-related brands, and the Directors believe that this will be beneficial to the Group. Furthermore, as the proceeds from the Disposal will be used to repay part of the existing indebtedness owed by the Group to Mr. Tang by way of set-off, the Directors consider that the proposed Disposal will reduce the existing indebtedness owed by the Group, increase the net asset value of the Group and improve the liquidity position of the Group.

The Board (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) is of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder were negotiated on an arm's length basis between the parties and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

### **Discloseable transaction**

As the applicable percentage ratios in respect of the Sale and Purchase Agreement exceed 5% but are less than 25%, the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

### **Connected transaction**

The Purchaser is wholly-owned by Mr. Tang, a Director and the chairman of the Board. As such, the Purchaser is a connected person of the Company.

As the Purchaser is a connected person of the Company, the Sale and Purchase Agreement also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As Mr. Tang has a material interest in the transactions under the Sale and Purchase Agreement, Mr. Tang has abstained from voting on the Sale and Purchase Agreement at the relevant Board meeting.

### **Aggregation with a previous *de minimis* transaction**

On 7 July 2015, the Vendor as the seller entered into a sale and purchase agreement with Speedway Limited (which is wholly-owned by Mr. Tang) as the purchaser, pursuant to which the Vendor agreed to sell to Speedway Limited, and Speedway Limited agreed to purchase, the entire issued share capital in Jazzman Limited and the interest and benefits in the entire shareholder's loans owed to the Vendor by Jazzman Limited for a total consideration of HK\$1,714,217.22. The transaction involved the disposal of the Group's tiny overseas operations in Japan and the Directors considered that it will help the Group to focus on the development of the Greater China market. The transaction was completed on the same day of 7 July 2015. On a standalone basis, the transaction constituted a fully exempted *de minimis* connected transaction under Rule 20.74(1) of the GEM Listing Rules.

As the applicable percentage ratios in respect of the Sale and Purchase Agreement aggregated with the previous *de minimis* transaction as disclosed above are less than 25% but the total consideration is more than HK\$10,000,000, the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules which is subject to reporting, announcement and Independent Shareholders' approval requirement under Rule 20.74(2) of the GEM Listing Rules.

### **Formation of an Independent Board Committee**

An independent board committee, comprising all the independent non-executive Directors, will be formed to provide recommendations to the Independent Shareholders in this regard. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, and the transactions contemplated thereunder. The Company will seek the Independent Shareholders' approval of the Sale and Purchase Agreement and the transaction contemplated thereunder at an extraordinary general meeting of the Company by way of poll whereby Mr. Tang and his associates shall abstain from voting.

### **Despatch of Circular**

A circular containing, among other things, (i) details of the Sale and Purchase Agreement, (ii) the letter of recommendation from the independent board committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders; and (iv) a notice of the extraordinary general meeting, is expected to be despatched to the Shareholders on or before 8 September 2015 in accordance with the GEM Listing Rules.

## **POSSIBLE CONTINUING CONNECTED TRANSACTIONS**

The Group has been effecting the following types of ongoing transactions:

### **(a) Management Agreements**

EMAL, an indirect wholly-owned subsidiary of the Company and a member of the Remaining Group, has been providing management services to the Rainbow Sky Group and Galactia Group pursuant to the Capitaine Management Agreement and Portman Management Agreement since 30 March 2012 and 1 April 2013, respectively.

### **(b) Food Catering and Processing Services**

Qualifresh, an indirect 70%-owned subsidiary of the Company and a member of the Remaining Group, has been providing Food Catering and Processing Services to the Galactia Group since 1 March 2013.

If the Completion under the Sale and Purchase Agreement takes place, the Management Agreements and the Food Catering and Processing Services between the Remaining Group and the Disposal Group will constitute continuing connected transactions of the Company, as Mr. Tang is a Director and a connected person of the Company.

**(c) Corporate Guarantee**

In addition, Portman (a member of the Galactia Group) as the borrower is currently indebted to a bank in the principal sum of approximately HK\$2,027,000. The Company has provided the Corporate Guarantee to the bank guaranteeing the repayment obligations of the said bank loan by Portman. Accordingly, if the Completion under the Sale and Purchase Agreement takes place, the Company's provision of financial assistance (in the form of the Corporate Guarantee) for the bank loan of Portman will constitute a continuing connected transaction of the Company as defined under the GEM Listing Rules.

**Implications under the GEM Listing Rules**

***Management services***

For the three years ended 31 March 2013, 2014 and 2015, the aggregate fees received by EMAL for its provision of management services under the Management Agreements to the Disposal Group amounted to approximately HK\$1.0 million, HK\$4.5 million and HK\$6.1 million, respectively.

For the possible continuing connected transactions between EMAL and the Disposal Group in respect of the management services under the Management Agreements, the Directors consider that such possible continuing connected transactions will constitute fully exempted *de minimis* transactions under Rule 20.74(2) of the GEM Listing Rules after taking into account the historical amounts of fees received by EMAL for its provision of management services to the Disposal Group. Pursuant to the Sale and Purchase Agreement, the Vendor and the Purchaser agreed that within 30 days after the Completion, the Vendor and the Purchaser shall procure EMAL to terminate the management services provided by EMAL to the Disposal Group pursuant to the Management Agreements.

***Food Catering and Processing Services***

For the two years ended 31 March 2014 and 2015, the aggregate fees received by Qualifresh for its provision of the Food Catering and Processing Services to the Galactia Group amounted to approximately HK\$67,000 and HK\$572,000, respectively.

For the possible continuing connected transactions between Qualifresh and the Galactia Group in respect of the provision of Food Catering and Processing Services, based on the historical amounts of fees received by Qualifresh from the Galactia Group and the future business growth, the Directors currently

estimate that the aggregate fees to be paid by the Galactia Group to Qualifresh after the Completion for each of the three years ending 31 March 2016, 2017 and 2018 will not exceed HK\$1.2 million, HK\$1.3 million and HK\$1.4 million, respectively.

As the applicable percentage ratios for the annual caps in respect of such possible continuing connected transactions in respect of the provision of Food Catering and Processing Services will be less than 25% and the aggregate annual service fees receivable by Qualifresh will be less than HK\$10,000,000, such possible continuing connected transactions will be subject to reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

### ***Corporate Guarantee***

For the possible continuing connected transaction between the Company and Portman in respect of the provision of financial assistance (in the form of the Corporate Guarantee) for the bank loan of Portman, such possible continuing connected transaction will constitute fully exempted *de minimis* transactions under Rule 20.74(1) of the GEM Listing Rules. Pursuant to the Sale and Purchase Agreement, the Vendor and the Purchaser agreed that within 6 months after the Completion, the Vendor and the Purchaser shall procure the removal of the Corporate Guarantee so that the Company will no longer be a guarantor of Portman.

The Company will comply with the applicable requirements under the GEM Listing Rules in relation to the possible continuing connected transactions in relation to the Management Agreements, Food Catering and Processing Services and the Corporate Guarantee if such possible continuing connected transactions take place after the Completion.

## **GENERAL INFORMATION**

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

The Vendor is principally engaged in investment holding.

The Purchaser is principally engaged in investment holding.

Alworth is principally engaged in investment holding.

Qualifresh is principally engaged in the provision of food catering services.

EMAL is principally engaged in the provision of management services to the Group.

Both Galactia and Rainbow Sky are principally engaged in investment holding.

## DEFINITIONS

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

“Aggregate Consideration”	HK\$45 million, being the aggregate consideration for the sale and purchase of Disposal Share and the Shareholder’s Loans
“Alworth”	Alworth Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which banks are generally open for business in Hong Kong
“Capitaine”	Capitaine Limited, a company incorporated in Hong Kong, a direct wholly-owned subsidiary of Rainbow Sky and a member of the Disposal Group
“Capitaine Management Agreement”	the management agreement dated 30 March 2012 entered into between Capitaine and EMAL in relation to the management of the restaurant business of the Rainbow Sky Group by EMAL
“Completion”	completion of the sale and purchase of the Disposal Share and the assignment of the Shareholder’s Loans under the Sale and Purchase Agreement
“Completion Date”	the date when the Completion takes place, which shall be the third Business Day from the date on which all the Conditions Precedent have been fulfilled or such later date as the Vendor and the Purchaser may agree in writing
“Conditions Precedent”	the conditions precedent to the Disposal under the Sale and Purchase Agreement
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules

“Corporate Guarantee”	the corporate guarantee executed by the Company in favour of a bank guaranteeing the repayment obligations of Portman up to a principal sum of HK\$3 million
“Director(s)”	director(s) of the Group
“Disposal”	the disposal of the Disposal Share and the assignment of the Shareholder’s Loans by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Group”	Alworth and its subsidiaries, comprising (a) Galactia together with all of its subsidiaries; and (b) Rainbow Sky together with all of its subsidiaries
“Disposal Share”	one issued share in Alworth, representing 100% of the issued share capital of Alworth
“EMAL”	Epicurean Management (Asia) Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company and a member of the Remaining Group
“Food Catering and Processing Services”	the provision of food catering and processing services by Qualifresh
“Galactia”	Galactia Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Galactia Group”	Galactia and its subsidiaries
“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 Shareholders”	shareholders of the Company who are not required under the GEM Listing Rules to abstain from voting on the resolutions approving the transactions contemplated under the Sale and Purchase Agreement
“Loan Consideration”	the consideration for the assignment of the interest of the Shareholder’s Loans pursuant to the Sale and Purchase Agreement
“Longstop Date”	30 November 2015, or such other date as may be agreed by the Vendor and the Purchaser
“Management Agreements”	Capitaine Management Agreement and Portman Management Agreement
“Mr. Tang”	Mr. Tang Sing Ming Sherman, the executive Director and the chairman of the Board
“Portman”	Portman Limited, a company incorporated in Hong Kong, a direct wholly-owned subsidiary of Galactia and a member of the Disposal Group
“Portman Management Agreement”	the management agreement dated 1 April 2013 entered into between Portman and EMAL in relation to the management of the restaurant business of the Galactia Group by EMAL
“Purchaser”	Simply Global Investments Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Tang
“Qualifresh”	Qualifresh Catering Limited, a company incorporated in Hong Kong, an indirect 70%-owned subsidiary of the Company and a member of the Remaining Group
“Rainbow Sky”	Rainbow Sky Enterprises Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Rainbow Sky Group”	Rainbow Sky and its subsidiaries
“Remaining Group”	the Group, excluding the Disposal Group

“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 August 2015 entered into between the Vendor and the Purchaser in respect of the Disposal
“Share Consideration”	the consideration for the sale and purchase of the Disposal Share pursuant to the Sale and Purchase Agreement
“Shareholders”	shareholders of the Company
“Shareholder’s Loans”	the outstanding loans owed by Alworth to the Vendor accrued up to the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Marvel Success Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 18 August 2015

*As at the date of this announcement, the Company’s executive Director is Mr. Tang Sing Ming Sherman; 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.*

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