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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)

**CONNECTED AND DISCLOSEABLE TRANSACTION —
ACQUISITION OF
RAINBOW SKY ENTERPRISES LIMITED**

Rainbow Sale and Purchase Agreement

On 7 October 2011 (after the trading hours), Marvel Success, a direct wholly-owned subsidiary of the Company, entered into the Rainbow Sale and Purchase Agreement with Splendid Ray, pursuant to which Marvel Success has conditionally agreed to purchase from Splendid Ray at the Rainbow Aggregate Consideration: (i) the Rainbow Sale Share, representing 100% of the existing issued share capital of Rainbow Sky, and (ii) the Rainbow Shareholder's Loans.

The Rainbow Aggregate Consideration shall be: (i) the lower of HK\$6,000,000 or the Rainbow Valuation Amount; and (ii) the Rainbow Adjustment Amount, provided that the maximum amount of the Rainbow Adjustment Amount shall not exceed HK\$3,000,000.

The entire shareholding interest in Splendid Ray is beneficially owned by Mr. Tang, an executive Director and the sole beneficial owner of First Glory. In turn, First Glory is the controlling Shareholder of the Company. As such, Splendid Ray is a Connected Person of the Company.

As the applicable Percentage Ratios for the Rainbow Acquisition are more than 5% but less than 25% and the consideration is less than HK\$10,000,000, the Rainbow Acquisition constitutes a discloseable transaction and a connected transaction for the Company under Chapters 19 and 20 of the GEM Listing Rules and is subject to reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the GEM Listing Rules.

A. THE RAINBOW SALE AND PURCHASE AGREEMENT

On 7 October 2011 (after the trading hours), Marvel Success, a direct wholly-owned subsidiary of the Company, entered into the Rainbow Sale and Purchase Agreement with Splendid Ray. The principal terms of the Rainbow Sale and Purchase Agreement are set out below:

Date

7 October 2011

Parties

Vendor: (a) Splendid Ray

Purchaser: (b) Marvel Success, a direct wholly-owned subsidiary of the Company

Assets to be acquired

Pursuant to the Rainbow Sale and Purchase Agreement, Splendid Ray shall sell as a legal and beneficial owner, and Marvel Success shall purchase from Splendid Ray: (i) the Rainbow Sale Share, representing 100% of the existing issued share capital of Rainbow Sky, and (ii) the Rainbow Shareholder's Loans.

Consideration

The Rainbow Aggregate Consideration for the Rainbow Sale Share and the Rainbow Shareholder's Loans shall be: (i) the lower of HK\$6,000,000 or the Rainbow Valuation Amount; and (ii) the Rainbow Adjustment Amount provided that the maximum amount of the Rainbow Adjustment Amount shall not exceed HK\$3,000,000.

The Rainbow Aggregate Consideration shall be payable by Marvel Success to Splendid Ray (or as Splendid Ray may direct) in the following manner:

- (i) a sum of HK\$6,000,000 shall be payable in cash upon Rainbow Completion; and
- (ii) the remaining balance of the Rainbow Aggregate Consideration shall be payable by two equal instalments. Unless otherwise agreed by Marvel Success and Splendid Ray, the first instalment shall be payable on the day which is one year after the Rainbow Completion Date and the second instalment shall be payable on the day which is two years after the Rainbow Completion Date. No interest is chargeable on any outstanding balance of the Rainbow Aggregate Consideration.

Pursuant to the terms of the Rainbow Sale and Purchase Agreement, for the purpose of determining the Rainbow Adjustment Amount, Splendid Ray shall procure Rainbow Sky to prepare the Rainbow Completion Accounts within 20 Business Days after the Rainbow Completion Date.

The Rainbow Aggregate Consideration for the Rainbow Acquisition was determined after arm's length negotiations based on normal commercial terms and with reference to the Rainbow Valuation Amount as stated in the Valuation Report to be prepared by an independent professional valuer jointly appointed by Splendid Ray and Marvel Success.

Based on the unaudited financial information provided by Rainbow Sky, the Rainbow Shareholder's Loans calculated up to 31 August 2011 were approximately HK\$8,128,000.

The Company intends to finance the Rainbow Acquisition partly by its internal resources and partly by external borrowing or fund raising by way of rights issue. Please refer to the announcement of the Company published on 7 October 2011 in relation to rights issue for further details of the rights issue.

Conditions precedent

Completion of the Rainbow Acquisition is conditional upon the satisfaction of the following Rainbow Conditions Precedent:

- (a) Splendid Ray having facilitated Marvel Success to undertake a legal, financial, operational, tax accounting and business due diligence investigation in respect of Rainbow Sky, and the results of which are satisfactory to Marvel Success;
- (b) all applicable law, rules and regulations (including but without limitation to the GEM Listing Rules) for entering into the transactions contemplated under the Rainbow Transaction Documents having been complied with;
- (c) all necessary approvals in respect of the transactions contemplated under the Rainbow Transaction Documents having been obtained;
- (d) the warranties given by Splendid Ray under the Rainbow 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;
- (e) there has been no material adverse change of each member of Rainbow Group immediately prior to the Rainbow Completion; and
- (f) the Valuation Report having been issued.

Marvel Success may, by written notice to Splendid Ray, waive or modify compliance with any of the above Rainbow Conditions Precedent (except the Rainbow Conditions Precedent set out in paragraphs (b) and (c) above) in whole or in part at any time on or before the Rainbow Conditions Fulfilment Date.

If one or more of the above Rainbow Conditions Precedent remains not satisfied by the Rainbow Conditions Fulfilment Date (or such later date as Splendid Ray and Marvel Success may agree in writing) and has not been waived on or before that date; or becomes impossible to satisfy on or before the Rainbow Conditions Fulfilment Date (or such later date as Splendid Ray and Marvel Success may agree in writing), the Rainbow Sale and Purchase Agreement shall automatically be terminated with immediate effect and each party's rights and obligations under the Rainbow Sale and Purchase Agreement shall cease immediately on termination.

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

B. INFORMATION ON RAINBOW GROUP

Rainbow Sky was incorporated on 28 July 2011 with limited liability in the BVI, having an issued share capital of 1 share only, which was fully paid up. It is 100% beneficially owned by Mr. Tang. Rainbow Sky is principally engaged in investment holding and its subsidiaries include Capitaine, Origin, Broadease and Broadwill.

Capitaine is a direct wholly-owned subsidiary of Rainbow Sky. Each of Origin, Broadease and Broadwill is a direct wholly-owned subsidiary of Capitaine.

The Rainbow Group operates restaurants under the brand name of "Xia Fei" (霞飛). Origin is principally engaged in operating a restaurant under the brand name of "Xia Fei" in Tsimshatsui, Kowloon. Each of Broadease and Broadwill is now in the course of setting up a restaurant in Hong Kong.

As Rainbow Sky was recently formed in July 2011, it does not have consolidated financial statements of the Rainbow Group for the financial years ended 31 December 2009 and 2010. Capitaine, Broadease and Broadwill were all recently formed in 2011 and do not have any audited financial statements. The unaudited net liability value of Origin as at 31 August 2011 was approximately HK\$8,219,000. The net profits/(losses) before and after taxation and before extraordinary items of Origin for the two financial years ended 31 December 2010 and the six months ended 30 June 2011 were as follows:

	For the year ended 31 December 2009 (audited) (approximate) HK\$	For the year ended 31 December 2010 (unaudited) (approximate) HK\$	For the six months ended 30 June 2011 (unaudited) (approximate) HK\$
Net profit/(loss) before taxation and extraordinary items	(1,655,000)	(914,000)	32,000
Net profit/(loss) after taxation and before extraordinary items	(1,655,000)	(914,000)	32,000

Rainbow Sky was formed by Mr. Tang through his shareholding in Splendid Ray.

Upon completion of the Rainbow Acquisition, Rainbow Sky will become an indirect wholly-owned subsidiary of the Company and its financial statements will be consolidated into the Group.

C. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As discussed in the annual report of the Company for the financial year ended 31 March 2011, the financial year 2010/11 was a breakthrough year for the Group as it had made its first attempt to tap into the F&B business. Since then, the Group has been taking a number of initiatives to develop its F&B business. The results from the F&B operation have been promising, and currently the F&B business is the most important core of the Group's business operation.

The Board believes that the entering into of the Rainbow Sale and Purchase Agreement and the respective transactions contemplated thereunder offer further business opportunities to the Group in developing new F&B business that would further enhance the Group's income.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Rainbow Sale and Purchase Agreement and the transactions contemplated thereunder were all negotiated on an arm's length basis between the respective parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. IMPLICATIONS UNDER THE GEM LISTING RULES

The entire shareholding interest in Splendid Ray is beneficially owned by Mr. Tang, an executive Director and the sole beneficial owner of First Glory. In turn, First Glory is the controlling shareholder of the Company. As such, Splendid Ray is a Connected Person of the Company.

As the applicable Percentage Ratios for the Rainbow Acquisition are more than 5% but less than 25% and the consideration is less than HK\$10,000,000, the Rainbow Acquisition constitutes a discloseable transaction and a connected transaction for the Company under Chapters 19 and 20 of the GEM Listing Rules and is subject to reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the GEM Listing Rules.

Mr. Tang, who has a material interest in the Rainbow Sale and Purchase Agreement and the transactions contemplated thereunder, has abstained from voting on the board resolutions approving such transactions.

E. GENERAL INFORMATION

The Group is principally engaged in the food and beverage business, provision of information solutions and designing, development and sale of application software packages.

Marvel Success, a direct wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Splendid Ray is principally engaged in investment holding.

F. DEFINITIONS

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

“Board”	the board of Directors
“Broadease”	Broadease Limited (博弈有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Rainbow Sky
“Broadwill”	Broadwill Limited (灃旭有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Rainbow Sky
“Business Day”	a day (other than Saturday) on which banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“Capitaine”	Capitaine Limited (奇商有限公司), a company incorporated in Hong Kong and a direct wholly-owned subsidiary of Rainbow Sky
“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 under the stock code 8213
“Connected Person”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	directors of the Company
“First Glory”	First Glory Holdings Limited, a company incorporated in the BVI and the controlling shareholder of the Company
“F&B”	food and beverage
“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
“Marvel Success”	Marvel Success Limited, a company incorporated in the BVI and a direct wholly owned subsidiary of the Company
“Mr. Tang”	Mr. Tang Sing Ming Sherman, an executive Director and the chairman of the Board
“Origin”	Origin Limited (原安有限公司), a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of Rainbow Sky
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 19 of the GEM Listing Rules
“Rainbow Acquisition”	the acquisition of the Rainbow Sale Share and the Rainbow Shareholder’s Loans pursuant to the Rainbow Sale and Purchase Agreement
“Rainbow Adjustment Amount”	the amount representing any change of the Rainbow Shareholder’s Loans for the period from 1 September 2011 to the Rainbow Completion Date, as shown in the Rainbow Completion Accounts
“Rainbow Aggregate Consideration”	the consideration for the acquisition of the Rainbow Sale Share and the Rainbow Shareholder’s Loans
“Rainbow Assignment of Loan”	the deed of assignment of the Rainbow Shareholder’s Loans to be executed by Rainbow Sky in favour of Marvel Success
“Rainbow Completion”	completion of the sale and purchase of the Rainbow Sale Share in accordance with the Rainbow Sale and Purchase Agreement
“Rainbow Completion Accounts”	the consolidated unaudited profit and loss accounts of Rainbow Sky for the period from 1 September 2011 up to, and the consolidated unaudited balance sheet of Rainbow Sky as at, the Rainbow Completion Date
“Rainbow Completion Date”	the date on which Rainbow Completion takes place in accordance with the Rainbow Sale and Purchase Agreement
“Rainbow Conditions Precedent”	the conditions precedent to Rainbow Completion as set out in the Rainbow Sale and Purchase Agreement
“Rainbow Conditions Fulfilment Date”	31 December 2011 or such later date as may be agreed in writing by the parties to the Rainbow Sale and Purchase Agreement

“Rainbow Group”	Rainbow Sky, Capitaine, Origin, Broadease and Broadwill
“Rainbow Sale and Purchase Agreement”	the sale and purchase agreement dated 7 October 2011 entered into between Splendid Ray and Marvel Success in respect of the sale and purchase of the Rainbow Sale Share and the Rainbow Shareholder’s Loans
“Rainbow Sale Share”	the one (1) share with a par value of US\$1.00 in the share capital of Rainbow Sky, representing 100% of the issued share capital of Rainbow Sky
“Rainbow Shareholder’s Loans”	the loans owing by Rainbow Sky to Splendid Ray
“Rainbow Sky”	Rainbow Sky Enterprises Limited, a company incorporated in the BVI
“Rainbow Transaction Documents”	the Rainbow Sale and Purchase Agreement and the Rainbow Assignment of Loan
“Rainbow Valuation Amount”	the business value of Rainbow Sky as at the Valuation Date assessed pursuant to the Valuation Report
“Shareholder(s)”	shareholder(s) of the Company
“Splendid Ray”	Splendid Ray Limited (錦明有限公司), a company incorporated in the BVI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report to be issued by an independent professional valuer on the business value of Rainbow Sky
“Valuation Date”	31 August 2011
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 7 October 2011

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.