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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)

LETTER OF INTENT

AND

**DISCLOSEABLE TRANSACTION –
THE SECOND SUPPLEMENTAL DEED
IN RELATION TO
THE PJ CONVERTIBLE BOND**

LETTER OF INTENT

PJ Partners and Marvel Success entered into the Letter of Intent dated 4 February 2013, whereby Marvel Success has expressed its interest in exploring the possibility of acquiring certain companies and businesses of PJ Partners and its associates.

Pursuant to the Letter of Intent, PJ Partners and Marvel Success will proceed with negotiations for the proposed Acquisition. If any agreement is reached on the terms of the proposed Acquisition, the parties will sign the Formal Agreement for the proposed Acquisition.

The Letter of Intent only serves as an indication of intention relating to the proposed Acquisition, and the targets for the proposed Acquisition are yet to be discussed and negotiated by the parties. If the proposed Acquisition materialises and the Formal Agreement can be signed by the parties, further announcement(s) in respect of the proposed Acquisition will be made by the Company in accordance with the applicable requirements of the GEM Listing Rules as and when appropriate.

The proposed Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SECOND SUPPLEMENTAL DEED

As mentioned in the Previous Announcement, Marvel Success, a wholly-owned subsidiary of the Company, entered into the PJ Subscription Agreement with PJ Partners on 22 December 2009, whereby Marvel Success agreed to subscribe for and PJ Partners agreed to issue the PJ Convertible Bond at a principal amount of US\$2 million. The PJ Convertible Bond was issued to Marvel Success on 10 February 2010 pursuant to the PJ Subscription Agreement. Pursuant to the First Supplemental Deed entered into between PJ Partners and Marvel Success, the maturity date of the PJ Convertible Bond has been extended for one year from the second anniversary to the third anniversary of the date of issue of the Convertible Bond.

The maturity date of the PJ Convertible Bond under the First Supplemental Deed will soon expire on 10 February 2013. Since Marvel Success has expressed its interest in exploring the possibility of the proposed Acquisition and after recent negotiation between the parties, Marvel Success executed the Second Supplemental Deed with PJ Partners on 4 February 2013, pursuant to which the maturity date of the PJ Convertible Bond has been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

LETTER OF INTENT

PJ Partners and Marvel Success entered into the Letter of Intent dated 4 February 2013, whereby Marvel Success has expressed its interest in exploring the possibility of acquiring certain companies and businesses of PJ Partners and its associates.

Pursuant to the Letter of Intent, PJ Partners and Marvel Success will proceed with negotiations for the proposed Acquisition. If any agreement is reached on the terms of the proposed Acquisition, the parties will sign the Formal Agreement for the proposed Acquisition.

Pursuant to the Letter of Intent, if the negotiation for the proposed Acquisition proceeds and subject to the signing of the Formal Agreement, the consideration payable by Marvel Success for the proposed Acquisition may be satisfied by set-off against the outstanding principal amount under the PJ Convertible Bond.

Furthermore, pursuant to the Letter of Intent, PJ Partners agreed with Marvel Success that during the Exclusivity Period, PJ Partners must not, and must procure that its subsidiaries and respective representatives must not, directly or indirectly solicit or accept any offer from, or enter, or entertain or undertake any discussions or negotiations, or enter into any agreement or arrangement with any persons other than Marvel Success relating to: (i) any sale of any equity interest, shares, assets and/or the business of any company within the group of PJ Partners; or (ii) any form of merger, amalgamation or other business combination involving the group of PJ Partners.

PJ CONVERTIBLE BOND

Reference is made to the Previous Announcement in relation to the PJ Convertible Bond.

As mentioned in the Previous Announcement, Marvel Success, a wholly-owned subsidiary of the Company, entered into the PJ Subscription Agreement with PJ Partners on 22 December 2009, whereby Marvel Success agreed to subscribe for and PJ Partners agreed to issue the PJ Convertible Bond at a principal amount of US\$2 million.

Completion of the PJ Subscription Agreement took place on 10 February 2010 and the PJ Convertible Bond was issued to Marvel Success on 10 February 2010 pursuant to the PJ Subscription Agreement.

Pursuant to the First Supplemental Deed entered into between PJ Partners and Marvel Success, the maturity date of the PJ Convertible Bond has been extended for one year from the second anniversary to the third anniversary of the date of issue of the Convertible Bond.

As at the date of this announcement, Marvel Success remains the holder of the PJ Convertible Bond and all the principal amounts under the Convertible Bond remain outstanding.

ORIGINAL TERMS

The original principal terms and conditions of the PJ Convertible Bond as supplemented by the First Supplemental Deed are summarised below.

- Total principal amount : US\$2,000,000
- Interest rate : 5% per annum payable yearly on outstanding principal amount of the PJ Convertible Bond.
- Maturity Date : the third anniversary of the date of issue of the PJ Convertible Bond.
- Conversion rights : holder of the PJ Convertible Bond will have the right to convert the PJ Convertible Bond, in whole or in part into ordinary shares of PJ Partners at any time from the period between the date immediately following the issue of the PJ Convertible Bond and the maturity date (both dates inclusive).
- Conversion price : The conversion price shall be the lower of the net asset value per share and 2.5 times the net profit per share of PJ Partners to be determined at the time of the conversion, provided that:–
1. if the conversion price as determined according to the above formula will result in the total number of conversion shares to be issued upon the full conversion of the PJ Convertible Bond represents less than 25% of the issued share capital of PJ Partners as enlarged by the allotment and issue of such conversion shares upon exercise of the PJ Conversion Bond, the conversion price shall be such amount so that the total number of conversion shares to be issued upon the full conversion of the PJ Convertible Bond represents 25% of the issued share capital of PJ Partners immediately following the allotment and issue of the conversion shares upon exercise of the PJ Conversion Bond; and

2. should the aggregate number of conversion shares already issued and to be issued pursuant upon the conversion of the PJ Convertible Bond represent more than 75% of the issued share capital of PJ Partners immediately following the allotment of any further conversion shares, the principal amount of the PJ Convertible Bond to be converted into conversion shares shall be reduced so that upon the allotment of any further conversion shares will not result in the aggregate number of conversion shares already issued and to be issued exceeding 75% of the issued share capital of PJ Partners. Unless previously converted or repaid, the principal amount of the PJ Convertible Bond so reduced shall continue to bear interest until the maturity date.

Redemption : PJ Partners undertakes to the holder of the PJ Convertible Bond to use its best endeavours to satisfy the following redemption conditions:–

1. PJ Partners shall have established, and own and operate not less than two shops carrying on the tonkatsu business of Tokyo Ginza Bairin in Singapore and which are operated by the management team of PJ Partners; and
2. PJ Partners shall have acquired or otherwise obtained (i) the franchise right to the operation of tonkatsu business of Tokyo Ginza Bairin in Korea, the Philippines, Vietnam, Indonesia, Singapore, Malaysia, Thailand, United States of America and Canada and (ii) the right of first refusal to the grant of any further franchise right to the operation of tonkatsu business of Tokyo Ginza Bairin worldwide other than Japan, the People's Republic of China, Hong Kong, Taiwan, Macau and the countries listed in sub-paragraph (i) above.

If PJ Partners fails to have satisfied all the above redemption conditions, by the date falling on the first anniversary of the date of issue of the PJ Convertible Bond, the holder of the PJ Convertible Bond shall have the right, but not an obligation, to request PJ Partners and PJ Partners shall be obliged, to redeem all but not in part of the PJ Convertible Bond at and pay the holder of the PJ Convertible Bond, an amount equal to 105% of the then outstanding principal amount of the PJ Convertible Bond together with all interest accrued thereon.

Transferability : the PJ Convertible Bond is freely transferable or assignable (whether in whole or in part).

Voting : holder of the PJ Convertible Bond will not be entitled to attend or vote at any meetings of PJ Partners by reason only of its being a bondholder.

Events of default : customary events of default including:–

1. PJ Partners defaults in the performance, observance or compliance with any of its obligation under the PJ Convertible Bond; or
2. a receiver, administrator, liquidator or similar officer is appointed in respect of or an encumbrancer takes possession of the property, assets or revenue of PJ Partners or any of its subsidiaries; or
3. PJ Partners or any of its subsidiaries becomes insolvent; or
4. winding-up, insolvency, administration or dissolution or any similar events of PJ Partners or any of its subsidiaries; or
5. a moratorium is agreed or declared in respect of any indebtedness of PJ Partners or any of its subsidiaries; or
6. PJ Partners or any of its subsidiaries consolidates or amalgamates with or merges into any other corporation; or
7. PJ Partners fails to pay the principal amount or any interest on the PJ Convertible Bond when due; or
8. the breach of any of the warranties given by PJ Partners set out in the PJ Subscription Agreement; or
9. any principal repayment or interest payment in relation to bank borrowings or guarantees of the PJ Partners or its subsidiaries is not paid when due; or
10. the breach of the guarantors' obligations under the guarantees.

Upon an event of default, the PJ Convertible Bond becomes immediately repayable at the option of its holder.

GUARANTEE

Pursuant to the PJ Subscription Agreement, the First Guarantor (being the holding company of PJ Partners and is principally engaged in operation and management of restaurants in Tokyo) and the Second Guarantor (being the single largest shareholder of the First Guarantor) had executed the Deed of Guarantee, whereby the Guarantors guaranteed to Marvel Success the due and punctual performance and observance by PJ Partners of all its obligations under the PJ Convertible Bond.

SECOND SUPPLEMENTAL DEED

The maturity date of the PJ Convertible Bond under the First Supplemental Deed will soon expire on 10 February 2013. Since Marvel Success has expressed its interest in exploring the possibility of the proposed Acquisition and after recent negotiation between the parties, Marvel Success executed the Second Supplemental Deed with PJ Partners on 4 February 2013, pursuant to which the maturity date of the PJ Convertible Bond has been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

It was contemplated under the Letter of Intent that if the negotiation for the proposed Acquisition proceeds and subject to the signing of the Formal Agreement, the consideration payable by Marvel Success for the proposed Acquisition may be satisfied by set-off against the outstanding principal amount under the PJ Convertible Bond.

The conversion period under the PJ Convertible Bond, which is between the date immediately following the issue of the PJ Convertible Bond and the maturity date (both dates inclusive), will be extended accordingly by the Second Supplemental Deed.

Save and except the amendment to the maturity date pursuant to the Second Supplemental Deed, all the terms and conditions in the PJ Convertible Bond as supplemented by the First Supplemental Deed remain unchanged, valid and in full force.

The Guarantors had confirmed with Marvel Success that all the terms and provisions under the Deed of Guarantee and all their obligations and liabilities under the Deed of Guarantee shall remain unchanged, valid and in full force, notwithstanding the amendment to the terms and conditions of the PJ Convertible Bond as provided in the Second Supplemental Deed.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, PJ Partners and the Guarantors and the respective ultimate beneficial owners of PJ Partners and the First Guarantor are Independent Third Parties.

REASON FOR AND BENEFIT OF THE TRANSACTION

By entering into the Letter of Intent, the Group will proceed with negotiations for the proposed Acquisition. If the proposed Acquisition materialises, the Board believes that it would enhance the future development of the Group. Furthermore, the Group would benefit from the greater market presence as a result of the proposed Acquisition.

Under the terms of the PJ Convertible Bond, Marvel Success, through exercising the conversion rights attaching to the PJ Convertible Bond, will be able to participate in the business of PJ Partners and share its profits by holding 25% to 75% of its shareholding depending on the net asset value per share and price earning multiple of PJ Partners at the time of conversion pursuant to the terms and conditions of the PJ Subscription Agreement. As the maturity date under the original terms and conditions of the PJ Convertible Bond as supplemented by the First Supplemental Deed will soon expire and in order to give greater flexibility to the Group in making investment decision on whether to exercise the conversion rights attached to the PJ Convertible Bond or to explore other potential business opportunities through the proposed Acquisition, the Second Supplemental Deed was proposed and executed by the parties whereby the maturity date under the PJ Convertible Bond as supplemented by the First Supplemental Deed has been further extended and the conversion period will be extended accordingly. If the negotiation for the proposed Acquisition materialises, the consideration payable by Marvel Success for the proposed Acquisition may be satisfied by set-off against the outstanding principal amount under the PJ Convertible Bond.

The Board considers that the extension of maturity date as provided in the Second Supplemental Deed is beneficial to the Group and will offer the Group greater flexibility in making investment decision, having regard to the business performance and development of PJ Partners during the extension period, and the other potential business opportunities through the proposed Acquisition.

The Directors (including the independent non-executive Directors) are of the view that the subscription of the PJ Convertible Bond pursuant to the PJ Subscription Agreement, the terms of the PJ Convertible Bond as supplemented by the First Supplemental Deed and as further amended by the Second Supplemental Deed and the transactions contemplated thereunder 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.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Letter of Intent only serves as an indication of intention relating to the proposed Acquisition, and the targets for the proposed Acquisition are yet to be discussed and negotiated by the parties. If the proposed Acquisition materialises and the Formal Agreement can be signed by the parties, further announcement(s) in respect of the proposed Acquisition will be made by the Company in accordance with the applicable requirements of the GEM Listing Rules as and when appropriate.

The proposed Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The subscription of the PJ Convertible Bond pursuant to the PJ Subscription Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules, thus is subject to the reporting and announcement requirements but is exempt from the shareholders' approval under the GEM Listing Rules.

The subscription of the PJ Convertible Bond pursuant to the PJ Subscription Agreement as supplemented by the First Supplemental Deed and as further amended by the Second Supplemental Deed remains to be a discloseable transaction of the Company under the GEM Listing Rules and the PJ Convertible Bond as amended by the Second Supplemental Deed also constitutes an advance to an entity and is discloseable pursuant to Rule 17.15 of the GEM Listing Rules.

INFORMATION ON PJ PARTNERS

PJ Partners is a company established in Singapore on 27 April 2009 with limited liability. It is principally engaged in the management and development of Japanese and other food and beverage business in Asian countries.

Set out below are certain non-consolidated financial information of PJ Partners for each of the two financial years ended 31 July 2012:

	For the year ended 31 July 2011 (Audited) SG\$	For the year ended 31 July 2012 (Unaudited) SG\$
Net profits before tax	383,000	1,192,000
Net profits after tax	364,000	1,192,000

The unaudited and non-consolidated net liability value of PJ Partners as at 30 November 2012 was approximately SG\$252,000.

GENERAL INFORMATION ON THE GROUP

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

DEFINITIONS

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

“Acquisition”	the acquisition of certain companies and businesses of PJ Partners and its associates as contemplated under the Letter of Intent
“Board”	the board of Directors
“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(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Deed of Guarantee”	a deed of guarantee executed by the First Guarantor and the Second Guarantor on 5 February 2010 and 10 February 2010 respectively in favour of Marvel Success in relation to the PJ Convertible Bond
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the period from the date of the Letter of Intent to 9 May 2013 (both dates inclusive)

“First Guarantor”	株式会社PJ Partners (formerly known as Port Japan Partners, Inc.), a company incorporated in Japan with limited liability
“First Supplemental Deed”	the supplemental deed dated 10 February 2012 entered into between PJ Partners and Marvel Success in relation to the extension of the maturity date of the PJ Convertible Bond
“Formal Agreement”	a formal agreement for the proposed Acquisition as contemplated under the Letter of Intent
“GEM”	the Growth Enterprise Market of the Stock Exchange
“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
“Guarantors”	the First Guarantor and the Second Guarantor
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) which, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is (are) independent of the Company and its connected person(s)
“Letter of Intent”	the letter of intent dated 4 February 2013 entered into between PJ Partners and Marvel Success
“Marvel Success”	Marvel Success Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“PJ Convertible Bond”	the convertible bond in the aggregate principal amount of US\$2 million issued by PJ Partners to Marvel Success
“PJ Partners”	PJ Partners Pte Limited, a company incorporated in Singapore with limited liability
“PJ Subscription Agreement”	the subscription agreement dated 22 December 2009 entered into between Marvel Success and PJ Partners in relation to the subscription by Marvel Success of the PJ Convertible Bond
“Previous Announcement”	the announcement dated 10 February 2010 issued by the Company in relation to the PJ Convertible Bond
“Second Guarantor”	Mr. Seiki Takahashi

“Second Supplemental Deed”	the second supplemental deed dated 4 February 2013 executed between PJ Partners and Marvel Success in relation to the further extension of the maturity date of the PJ Convertible Bond
“SG\$”	Singapore dollar, the lawful currently of Singapore
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollar, 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, 4 February 2013

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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