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*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8371)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF THE THREE RESTAURANTS AND CHANGE IN THE USE OF PROCEEDS**

The Board is pleased to announce that on 26 September 2018 (after trading hours), the Buyer, a wholly owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor where the Vendor has agreed to sell and the Buyer has agreed to purchase the Three Restaurants for a total cash consideration of HK\$5,500,000. Included in the Acquisition and as part of the Consideration, the Buyer will be granted by the Vendor a perpetual unlimited and unrestricted licence to use the "Parkview" brand at the Completion Date.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

### **CHANGE IN THE USE OF PROCEEDS**

On 26 September 2018, the Board resolved to change the use of the Unutilised Net Proceeds for New Restaurants of HK\$8,500,000 to fund the Acquisition.

**As Completion is conditional upon fulfilment (or, if applicable, waiver) of the conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

### **THE ACQUISITION**

The board of directors (the "Board" or "Directors") of the Company is pleased to announce that on 26 September 2018 (after trading hours), Nice Grain Limited, an indirect wholly-owned subsidiary of the Company (the "Buyer") entered into an agreement (the "Acquisition Agreement") with an independent third party (the "Vendor") to acquire three restaurants (the "Three Restaurants") under the "Parkview" brand (the "Acquisition").

The principal terms of the Acquisition Agreement, determined through arm's length negotiations and on normal commercial terms with reference to the net book value and the profitability for the remaining term of the respective leases of the Three Restaurants are as follows:

## THE ACQUISITION AGREEMENT

**Date:** 26 September 2018 (after trading hours)  
**Parties:**  
(i) The Vendor  
(ii) The Buyer

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor and the ultimate beneficial owner of the Vendor are third parties independent of the Company and connected persons of the Company.

### *Assets to be Acquired*

Pursuant to the Acquisition Agreement, the Vendor has agreed to sell and the Buyer has agreed to purchase the assets at the Three Restaurants (the "**Restaurant Assets**") as follows:

- A. Parkview restaurant situated at Shop No.135, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, Kwai Fong (the "**MP Parkview**"). The existing lease of the MP Parkview will expire on 24 July 2021;
- B. Parkview restaurant situated at Shop No.117, New Town Plaza, Phase 1, Shatin (the "**NTP Parkview**"). The existing lease of the NTP Parkview will expire on 30 September 2020; and
- C. Parkview restaurant situated at Shop 120-121, 1/F, PopWalk, No.12 Tong Chun Street, Tseung Kwan O (the "**PW Parkview**"). The existing lease of the PW Parkview will expire on 23 May 2021.

The Restaurant Assets include fixtures, equipment and leasehold improvements, records and files relating primarily to the Three Restaurants, any required consents in and under all contracts and agreements relating primarily to the operation of the Three Restaurants (including the novation of the existing lease agreements of the Three Restaurants), and all licenses, permits or other rights granted by governmental authorities used in or required or necessary for the lawful ownership or operation of the Three Restaurants (including the General Restaurant Licence and Liquor Licence). Included in the Acquisition and as part of the Consideration, the Buyer will be granted by the Vendor a perpetual unlimited and unrestricted licence to use the "Parkview" brand at the Completion Date.

### *Consideration*

The consideration is HK\$5,500,000 (the "**Consideration**") which will be settled in cash as follows:

- (i) 20% or HK\$1,100,000 upon the signing of the Acquisition Agreement;
- (ii) 60% or HK\$3,300,000 on or before completion of the Acquisition; and
- (iii) 20% or HK\$1,100,000 upon successful transfer of the General Restaurant Licences and the Liquor Licences of the Parkview Restaurants.

In addition to the Consideration, the Buyer will need to provide rental and management fee deposits to the landlords upon the signing of the novation agreements which amount to approximately HK\$3,000,000. Therefore, total commitment (“**Total Commitment**”) for the Buyer on the Acquisition amount to approximately HK\$8,500,000.

#### *Conditions Precedent*

The Vendor shall deliver to the Buyer all executed transfer forms in relation to the General Restaurant Licences and Liquor Licences of the Three Restaurants and the change of address forms in relation to the operation of the Three Restaurants including but not limited to items such as electricity, gas and water.

#### *Completion*

Completion shall take place on 31 October 2018 or on a date to be mutually agreed by the parties (the “**Completion Date**”).

#### *Buyer’s Undertakings*

The Buyer undertake to the Vendor:

- (i) VIP Membership Cards issued by the Vendor (the “**VIP Card**”) - The Buyer agrees to provide designated discounts to the customers upon presenting a valid VIP Card at the Three Restaurants from the Completion Date until 31 December 2019. As at the date of this announcement, there are approximately 15,000 VIP Cards in issue;
- (ii) Discount coupons issued by the Vendor (the “**Coupons**”) - The Buyer agrees to accept valid Coupons as settlement at the face value of the Coupons presented by the customers from the Completion Date until 31 December 2019. The Vendor shall refund the redeemed Coupons to the Buyer at 85% of the face value of the Coupons. As at the date of this announcement, the face value of Coupons outstanding amounted to approximately HK\$4.6 million, however the Coupons are not exclusively for use at the Three Restaurants, they can be used at all outlets operated by the Vendor; and
- (iii) Staff of the Three Restaurants (the “**Existing Staff**”):
  - (a) The Buyer undertakes to offer contracts of employment (“**New Employment Contracts**”) to all Existing Staff at the Completion Date at the same terms and conditions as at the Completion Date. The New Employment Contracts shall commence after the Completion Date;
  - (b) If any of the Existing Staff failed to enter into the New Employment Contract at the Completion Date, the Vendor shall at its own cost and expense, deal with such member of staff in accordance with the applicable laws or regulations in Hong Kong and indemnifies the Buyer against all claims which may be made against the Buyer by such member of staff; and
  - (c) All employment benefits payable to the Existing Staff prior to the Completion Date shall be paid by the Vendor.

## *Cancellation*

The Acquisition Agreement shall be cancelled without claims by both parties should the landlords of the Three Restaurants fail to enter into the novation agreements to transfer the leases of the Three Restaurants to the Buyer. The Vendor shall fully refund any of the Consideration paid by the Buyer to the Vendor.

## **FUNDING OF THE TOTAL COMMITMENT AND CHANGE IN THE USE OF PROCEEDS**

Reference is made to the prospectus dated 29 December 2017 (the “**Prospectus**”), the annual report of the Company for the year ended 31 March 2018 (the “**2018 Annual Report**”) in relation to the use of the net proceeds from the Share Offer, the announcement issued by the Company dated 2 February 2018 (the “**Uptown Announcement**”) in relation to the new lease agreement of our Nabe Urawa restaurant at the Uptown Plaza in Tai Po (“**Uptown Nabe Urawa**”) and the announcement issued by the Company dated 10 April 2018 (the “**Metroplaza Dab-Pa Announcement**”) in relation to the new lease agreement of our Dab-Pa restaurant at the Metroplaza in Kwai Fong (“**Metroplaza Dab-Pa**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus, the 2018 Annual Report, the Uptown Announcement and the Metroplaza Dab-Pa Announcement.

### *Use of Proceeds*

The net proceeds from the Shares Offer after deducting underwriting fees, commissions and other expenses in connection with the Listing (the “**Net Proceeds**”) amounted to approximately HK\$66.8 million. It was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus that it was intended to apply the Net Proceeds in the following manner:

- Approximately HK\$45.5 million, representing approximately 68.0% of the Net Proceeds will be used for the setup of new restaurants (“**Net Proceeds for New Restaurants**”);
- Approximately HK\$8.0 million, representing approximately 12.0% of the Net Proceeds will be used for upgrading our existing restaurants by way of renovation and refurbishment;
- Approximately HK\$0.3 million, representing approximately 0.5% of the Net Proceeds will be used for upgrading our information technology system;
- Approximately HK\$6.7 million, representing approximately 10.0% of the Net Proceeds will be used for repayment of bank loans; and
- Approximately HK\$6.3 million, representing approximately 9.5% of the Net Proceeds will be used for working capital and general corporate purposes.

As at the date of the announcement, of the HK\$45.5 million Net Proceeds for New Restaurants, approximately HK\$34.9 million have not been utilised (“**Unutilised Net Proceeds for New Restaurants**”). On 26 September 2018, the Board resolved to change the use of the Unutilised Net Proceeds for New Restaurants (the “**Reallocation**”) of HK\$8,500,000 to fund the Total Commitment.

The Net Proceeds for New Restaurants have been utilised as follows:

<u>Net Proceeds allocated</u>			
	<b>As per Prospectus</b>	<b>Actual</b>	<b>Unutilised Amount</b>
Uptown Nabe Urawa	HK\$4,500,000	HK\$3,732,000	HK\$768,000
Metroplaza Dab-pa	HK\$7,000,000	HK\$6,869,000	HK\$131,000
<b>Total</b>	<b>HK\$11,500,000</b>	<b>HK\$10,601,000</b>	<b>HK\$899,000</b>

Project number 5 under the “Business” section on page 95 of the Prospectus was allocated HK\$13.0 million for the opening of a La’taste Vietnamese Restaurant in the third quarter of 2018 (the “**Project**”). The Project was conducted through an open tender to lease a location at a food court and with our initial tender not being successful, the Board has decided not to submit another tender, therefore HK\$8.5 million of which will be reallocated to fund the Acquisition with the remaining HK\$4.5 million to be allocated to new stores opening to be identified in due course.

## **INFORMATION ON THE VENDOR**

Established in 1984 in Hong Kong, the Vendor is a company incorporated in Hong Kong that operates a bakery business with approximately 60 outlets in Hong Kong, cafes and restaurants that owns 14 bakery and food and beverage brands.

## **FINANCIAL INFORMATION OF THE THREE RESTAURANTS**

For the year ended 31 December 2016, revenue, profit before tax and profit after tax of the Three Restaurants amounted to approximately HK\$34,778,000, HK\$10,592,000 and HK\$8,844,000, respectively (the PW Parkview commenced operations in August 2016 and the MP Parkview commenced operations in October 2016).

For the year ended 31 December 2017, revenue, profit before tax and profit after tax of the Three Restaurants amounted to approximately HK\$45,602,000, HK\$5,222,000 and HK\$4,360,000, respectively.

The net book value of Restaurant Assets as at 31 August 2018 amounted to approximately HK\$3,960,000.

## **REASONS AND BENEFITS OF THE ACQUISITION AND REALLOCATION**

The Board believes that the Acquisition and the Reallocation have the following benefits compared to the opening of a new restaurant:

- Much lower initial investment cost than opening a new restaurant;
- Immediate revenue contribution;
- Much shorter preparation time compared to opening a new restaurant; and
- Immediate use of the Net Proceeds in generating revenue for the Company as identification of potential site and negotiation with potential landlord takes time.

The Board is of the view that the Acquisition and the Reallocation are in line with the business strategy of the Group and will not adversely affect the operation and business of the Group and is in the best interest of the Company and the Shareholders as a whole.

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

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

## **INFORMATION ON THE COMPANY**

The Company and its subsidiaries (together the “**Group**”) is a local Hong Kong restaurant group serving a variety of cuisines, mainly Vietnamese, Chinese, Japanese and Western cuisines targeting mid-to-high-end customer segments. Since the opening of our first restaurant, Urawa Japanese restaurant, in December 2007, we have been expanding our restaurant network in Hong Kong through our multi-brand business model. Currently, we own and operate a total of 15 full service restaurants and two kiosks strategically located in first tier and/or premium shopping malls or on street levels in prime areas and business districts, covering Hong Kong Island, Kowloon and New Territories. We also have a 50% joint venture with the Lubuds Food and Beverage Group in Hong Kong operating two Vietnamese restaurants: Madam Saigon at the Mira Place and The Pho in the food court at the Hysan Place.

By Order of the Board  
**WONG Ngai Shan**  
*Chairman and Executive Director*

Hong Kong, 26 September 2018

As at the date of this announcement, the Board comprises:

*Executive Directors:*

WONG Ngai Shan (*Chairman*)  
CHAN Wai Chun (*Chief Executive Officer*)

*Independent Non-executive Directors:*

CHAN Yuen Ting  
TSANG Siu Chun  
WANG Chin Mong

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

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s websites at [www.hkexnews.hk](http://www.hkexnews.hk) and [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.tastegourmet.com.hk](http://www.tastegourmet.com.hk).*