

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in Gourmet Holdings plc you should forward this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Directors of Gourmet Holdings plc, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

GOURMET HOLDINGS PLC

(Registered in England and Wales No. 3517191)

Proposed disposal of BDC Holdings Limited

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of Gourmet Holdings plc to be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ, at 11.00 a.m. on 12 June 2007 is set out at the end of this document. **Whether or not you intend to be present at the Extraordinary General Meeting, you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event not later than 11.00 a.m. on 10 June 2007 at the offices of the Company's registrars, Capita Registrars, Proxy Processing Centre, Telford Road, Bicester, OX26 4LD (or by hand to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU).**

The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

CONTENTS

	<i>Page</i>
Definitions	3
Part I – Letter from the Chairman of the Company	4
Part II – Summary of Principal Terms of the Disposal	6
Part III – Pro forma Statement of Net Assets	7
Part IV – Notice of Extraordinary General Meeting	8

EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Form of Proxy	11.00 a.m. on 10 June 2007
Extraordinary General Meeting	11.00 a.m. on 12 June 2007

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“AIM”	AIM, a market regulated by the London Stock Exchange
“AIM Rules”	the Rules of the London Stock Exchange governing admission to and operation of AIM
“BDC”	BDC Holdings Limited, a company registered in England and Wales with company number 05145517, a wholly-owned subsidiary of the Company
“BDHC”	Bel & the Dragon (Hampton Court) Limited, a company registered in England and Wales with company number 03907153, a wholly-owned subsidiary of the Company
“Circular”	this circular to Shareholders including Notice of EGM
“Company” or “Gourmet”	Gourmet Holdings plc
“Directors” or “Board”	the directors of the Company whose names appear on page 4 of this document
“Disposal”	the proposed disposal of BDC and BDHC
“Disposal Agreement”	the conditional agreement dated 18 May 2007 made between the Company and Ultimate Leisure pursuant to which the Company has agreed to sell the entire issued share capital of each of BDC and BDHC, further details of which are set out in Part II of this document
“EGM” or “Extraordinary General Meeting”	the Extraordinary General Meeting of the Company convened for 12 June 2007 (or any adjournment thereof), notice of which is set out at the end of this document
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“Five Bells”	The Five Bells, a pub in Stanbridge, Hertfordshire
“Form of Proxy”	the form of proxy accompanying this document for use at the EGM
“FSA”	the Financial Services Authority
“Group”	the Company and its subsidiaries at the date of this document
“Notice of EGM”	the Notice of EGM set out at the end of this document
“Ordinary Shares”	ordinary shares of 4p each in the capital of the Company
“Resolution”	the resolution to be proposed at the EGM
“Shareholders”	holders of Ordinary Shares
“Talkhouse”	The Talkhouse, a pub in Stanton, St John
“Ultimate Leisure”	Ultimate Leisure Group plc, (registered number 3760981) whose registered office is at 26 Moseley Street, Newcastle Upon Tyne Tyne & Wear NE1 1DF

PART I

Letter from the Chairman of the Company

GOURMET HOLDINGS PLC

Directors:

Richard Scott, *Non-Executive Chairman*
Andrew Guy, *Managing Director*
Nigel Whittaker, *Non-Executive Director*

Registered Office:

165 Queen Victoria Street
London
EC4V 4DD

23 May 2007

To: Shareholders and, for information only, holders of options under the Share Option Schemes

Dear Shareholder,

Introduction

Following the decision of the Board, announced in September last year, to dispose of its pub restaurants to focus on the Richoux restaurants business, the Company announced on 21 May 2007 that it had agreed to sell its interests in the four “Bel & the Dragon” pub restaurants to Ultimate Leisure for a total cash consideration of £8.75 million, subject to adjustments to reflect changes in net current assets, which is payable on completion.

The Disposal follows the earlier disposals of two unbranded pub restaurants, The Five Bells at Stanbridge, Bedfordshire and The Talkhouse at Stanton St John, Oxfordshire to Fuller, Smith & Turner plc in December 2006.

Disposal

On 18 May 2007, the Company exchanged contracts with Ultimate Leisure for the sale of the entire issued share capital of BDC which holds the four Bel & the Dragon pub restaurants situated in Reading, Cookham, Windsor and Godalming, together with the entire issued share capital of BDHC which has the benefit of a lock out agreement on Hucks Boatyard, Hampton Court, for an aggregate consideration of £8.75 million in cash, subject to adjustments to reflect changes in net current assets at the date of completion of the Disposal. Further details of the terms of the Disposal Agreement are set out in Part II of this document and details of the effect of the Disposal upon the balance sheet of the Group are contained within a pro forma statement of net assets in Part III of this document. Cash proceeds from the Disposal will be used to eliminate the Group’s indebtedness through the repayment of its bank loans.

For the financial year ended 25 June 2006, the pub restaurant business held by BDC which is being disposed of pursuant to the Disposal generated EBITDA of £0.85 million. As at 7 January 2007, the pub restaurants had a book value of £10.8 million. The loss on disposal of fixed assets of £2.0 million together with costs of the transaction will be included within the profit and loss account of the Group for the financial year ending 24 June 2007.

The Disposal is conditional on approval by shareholders at the Extraordinary General Meeting of the Company and will be completed within five business days following such approval.

Future

Following the Disposal the Group’s business will consist mainly of the four Richoux restaurants located in Mayfair, Knightsbridge, Piccadilly and St John’s Wood. The Board is mindful that the Company will be very small for a listed company and whilst it is still actively seeking sites to expand

this brand, it is also continuously reviewing the strategic options that provide the best outcome for Shareholders.

Extraordinary General Meeting

Since the value of the Disposal is deemed under the AIM Rules to result in a fundamental change in the business of the Company, the proposed Disposal is subject to the prior approval of Shareholders. Accordingly we are seeking such approval.

Set out at the end of this document is the Notice convening an Extraordinary General Meeting of the Company to be held at the offices of Dechert LLP, 160 Queen Victoria Street, London, EC4V 4QQ at 11.00 a.m. on 12 June 2007.

Action to be taken

A Form of Proxy for use at the Extraordinary General Meeting is enclosed with this document. **Whether or not you intend to be present at the EGM, you are requested to complete the enclosed Form of Proxy, in accordance with the instructions printed on it and return it to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU as soon as possible and in any event so as to be received not later than 11.00 a.m. on 10 June 2007.** Completion and return of the Form of Proxy will not preclude you from attending the Meeting and voting in person should you wish to do so.

Further Information

Your attention is drawn to the further information set out in Parts II and III of this document.

Recommendation

The Directors consider that the Disposal is in the best interests of the Company and its Shareholders taken as a whole and unanimously recommend Shareholders to vote in favour of the Resolution.

The Directors have undertaken to vote in favour of the Resolution in respect of their own beneficial holdings, which in aggregate amount to 650,672 Ordinary Shares representing approximately 2 per cent. of the Existing Ordinary Shares.

Richard Scott
Chairman

PART II

Summary of Principal Terms of the Disposal

Disposal Agreement

Sale and purchase

Pursuant to the terms of the Disposal Agreement the Company has agreed to sell to Ultimate Leisure the entire issued share capital of BDC which holds the four Bel & the Dragon pub restaurants situated in Reading, Cookham, Windsor and Godalming, together with the entire issued share capital of BDHC, which has the benefit of a lock out agreement on Hucks Boatyard, Hampton Court.

Consideration

The consideration payable by Ultimate Leisure pursuant to the Disposal Agreement is the balance of £8.75 million in cash following the repayment of the Group's bank indebtedness and subject to adjustment in the event that the Working Capital Balance (as defined in the agreement) is less than or more than minus £237,000 (the "Consideration"). The Consideration is payable in cash on completion.

Condition

The Disposal Agreement is conditional upon the passing of the Resolution. Pursuant to the Disposal Agreement, the Company must convene an EGM to be held no later than the 20 June 2007 at which the Resolution is to be passed. If this condition is not satisfied by 29 June 2007 the Disposal Agreement will terminate automatically.

Warranties and Indemnities

The Company has given various warranties and indemnities to Ultimate Leisure under the Disposal Agreement. The Company's aggregate liability under the warranties is capped at the amount of the consideration. Claims under the warranties relating to non-taxation matters can only be made within a period of two years from the date of completion and those warranties relating to taxation matters must be made within seven years from the date of completion. If a material breach of such warranties occurs between exchange and completion Ultimate Leisure has the right to terminate the Disposal Agreement. Material for such purposes means having a financial effect on Ultimate Leisure or BDHC and BDC and its subsidiaries of £400,000 or more.

Restrictive Covenants

Under the Disposal Agreement the Company has agreed, for a period of two years following completion, not to interfere with suppliers, solicit employees, use the name or similar name, or have interests in a business competing with the Bel & the Dragon group of restaurants within a one mile radius of any Bel & the Dragon restaurant.

PART III

Proforma Statement of Net Assets

Set out below is an unaudited pro forma statement of the net assets of the Group, which has been prepared to show the effects of the Disposal. It is based on the unaudited consolidated balance sheet for the Group as at 7 January 2007. The pro forma statement of net assets has been prepared to illustrate how the Disposal might have affected the net assets of the Group had the Disposal been effected as at 7 January 2007. The pro forma statement of net assets of the Group is for illustrative purposes only and, because of its nature, does not give a true picture of the Group's actual financial position.

	<i>Net assets as at</i> 7 January 2007 £'000 (note 1)	<i>Adjustment</i> £'000 (note 2)	<i>Adjustment</i> £'000 (note 3)	<i>Proforma</i> <i>net assets</i> £'000
Fixed assets				
Intangible Assets	2,021	(1,762)	–	259
Tangible Assets	10,892	(9,022)	–	1,870
	12,913	(10,784)	–	2,129
Current assets				
Stock	188	(102)	–	86
Debtors	401	(44)	–	357
Cash at bank and in hand	2,590	8,089	(5,932)	4,747
	3,179	7,943	(5,932)	5,190
Creditors: amounts falling due within one year	(2,069)	654	288	(1,127)
Net current assets/(liabilities)	1,110	8,597	(5,644)	4,063
Total assets less current liabilities	14,023	(2,187)	(5,644)	6,192
Creditors: amounts falling due after more than one year	(5,645)	–	5,644	(1)
Net assets	8,378	(2,187)	–	6,191

Notes:

1. The net assets of the Group are extracted without material adjustment from the unaudited consolidated balance sheet of the Group as at 7 January 2007.
2. Net cash receipts from the Disposal are anticipated to be £8,750,000 less costs of £450,000 subject to a provisional net working capital adjustment of the difference between the actual and the estimated net working capital at the date of completion.
3. Repayment of bank debt.
4. No account has been taken of the impact of current trading or any other events since 8 January 2007.

GOURMET HOLDINGS PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ at 11.00 a.m. on 12 June 2007 for the purpose of considering and, if thought fit, passing the following resolution which is proposed as an Ordinary Resolution:

ORDINARY RESOLUTION

That the disposal (the "Disposal") of the entire issued share capital of BDC Holdings Limited and Bel & the Dragon (Hampton Court) Limited to Ultimate Leisure Group plc as described in the circular to shareholders dated 23 May 2007 and on the terms and subject to the conditions set out in the agreement dated 18 May 2007 (the "Sale and Purchase Agreement") between (1) the Company and (2) Ultimate Leisure Group plc and related documentation entered into pursuant to the Sale and Purchase Agreement, be and is hereby approved in accordance with and for the purpose of Rule 15 of the AIM Rules with such minor amendments as the Directors may approve, and the Directors or any duly authorised committee of the Directors be and are hereby authorised to take all steps necessary or desirable to complete the Disposal.

Registered Office:

165 Queen Victoria Street
London
EC4V 4DD

BY ORDER OF THE BOARD

Susan Ludley
Company Secretary

23 May 2007

Notes:

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at 5.00 p.m. on 10 June 2007 (or if the Meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the Register of Members of the Company after 5.00 p.m. on 10 June 2007 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting or any adjournment thereof in person.
3. A form of proxy is enclosed and to be valid must be completed and lodged with the Registrars of the Company, Capita Registrars, Proxy Processing Centre, Telford Road, Bicester, OX26 4LD (or by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) not later than 48 hours before the time appointed for the meeting or for any adjournment thereof together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority.
4. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy but the vote of the first named on the Register of Members of the Company will be accepted to the exclusion of the other joint holder.