



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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK  
EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Epicurean and Company, Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

## RESULTS

The board of directors (the “Board”) of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 March 2016, together with the comparative audited consolidated figures for the corresponding year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Revenue	2	442,871	505,991
Cost of sales and services rendered		<u>(144,389)</u>	<u>(159,999)</u>
Gross profit		298,482	345,992
Other income	3	3,526	1,851
Gain on disposal of subsidiaries	11	11,539	–
Impairment loss on goodwill		(4,293)	–
Impairment loss on other intangible assets		(3,147)	–
Impairment loss on plant and equipment		(5,648)	(2,185)
Operating expenses		<u>(328,980)</u>	<u>(372,840)</u>
Operating loss		(28,521)	(27,182)
Finance costs	4(a)	<u>(6,215)</u>	<u>(7,709)</u>
Loss before income tax	4	(34,736)	(34,891)
Income tax expense	5	<u>(3,898)</u>	<u>(2,021)</u>
<b>Loss for the year</b>		<b><u>(38,634)</u></b>	<b><u>(36,912)</u></b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(38,705)	(36,643)
Non-controlling interests		<u>71</u>	<u>(269)</u>
		<b><u>(38,634)</u></b>	<b><u>(36,912)</u></b>
<b>Loss per share (HK cents)</b>	6		
– Basic		<u>(1.55)</u>	<u>(1.63)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Loss for the year</b>	<b><u>(38,634)</u></b>	<b><u>(36,912)</u></b>
<b>Other comprehensive income:–</b>		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain arising from translation of financial statements of foreign operations	<u>264</u>	<u>279</u>
<b>Total comprehensive loss for the year</b>	<b><u>(38,370)</u></b>	<b><u>(36,633)</u></b>
<b>Total comprehensive loss for the year attributable to:–</b>		
Owners of the Company	<u>(38,441)</u>	<u>(36,364)</u>
Non-controlling interests	<u>71</u>	<u>(269)</u>
	<b><u>(38,370)</u></b>	<b><u>(36,633)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		<b>30,118</b>	56,761
Goodwill on consolidation		<b>55,095</b>	60,031
Other intangible assets		<b>20,133</b>	26,468
Deferred tax assets		<b>5,044</b>	11,235
		<hr/> <b>110,390</b>	<hr/> 154,495
<b>CURRENT ASSETS</b>			
Inventories		<b>4,917</b>	6,434
Debtors, deposits and prepayments	7	<b>35,532</b>	51,847
Income tax recoverable		<b>1,174</b>	120
Cash and bank balances	9	<b>39,971</b>	49,628
		<hr/> <b>81,594</b>	<hr/> 108,029
<b>CURRENT LIABILITIES</b>			
Convertible bonds		–	79,625
Loans from a director		<b>71,716</b>	81,700
Obligations under finance lease		<b>238</b>	698
Bank loans, secured		<b>24,888</b>	26,293
Creditors, accruals and deposits received	8	<b>51,794</b>	69,500
Income tax payable		<b>226</b>	2,840
		<hr/> <b>148,862</b>	<hr/> 260,656

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
NET CURRENT LIABILITIES		<u>(67,268)</u>	<u>(152,627)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>43,122</u>	<u>1,868</u>
NON-CURRENT LIABILITIES			
Convertible bonds		38,563	–
Deferred tax liabilities		1,986	2,788
Other payables	8	2,835	3,502
Obligations under finance lease		<u>179</u>	<u>–</u>
		<u>43,563</u>	<u>6,290</u>
NET LIABILITIES		<u><b>(441)</b></u>	<u><b>(4,422)</b></u>
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		27,775	22,430
Reserves		<u>(27,403)</u>	<u>(27,508)</u>
Non-controlling interests		<u>372</u> <u>(813)</u>	<u>(5,078)</u> <u>656</u>
TOTAL EQUITY		<u><b>(441)</b></u>	<u><b>(4,422)</b></u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

## Attributable to owners of the Company

	Share capital HK\$'000	Accumulated losses HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1.4.2014	22,430	(134,287)	135,200	3,801	(187)	1,820	2,521	(75)	31,223	827	32,050
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(183)	(183)	98	(85)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	246	-	-	246	-	246
Share option lapsed	-	46	-	-	-	(46)	-	-	-	-	-
<b>Comprehensive loss</b>											
Loss for the year	-	(36,643)	-	-	-	-	-	-	(36,643)	(269)	(36,912)
Other comprehensive income:-											
Exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	279	-	-	-	279	-	279
Total comprehensive loss for the year	-	(36,643)	-	-	279	-	-	-	(36,364)	(269)	(36,633)
At 31.3.2015 and 1.4.2015	22,430	(170,884)	135,200	3,801	92	2,020	2,521	(258)	(5,078)	656	(4,422)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	9	-	-	9	-	9
Release upon disposal of subsidiaries	-	-	-	-	(566)	-	-	-	(566)	(1,540)	(2,106)
Exercise of share option	345	-	3,640	-	-	(974)	-	-	3,011	-	3,011
Extension of convertible bonds	-	2,521	-	-	-	-	260	-	2,781	-	2,781
Conversion of convertible bonds	5,000	-	35,047	-	-	-	(1,391)	-	38,656	-	38,656
<b>Comprehensive loss</b>											
Loss for the year	-	(38,705)	-	-	-	-	-	-	(38,705)	71	(38,634)
Other comprehensive income:-											
Exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	264	-	-	-	264	-	264
Total comprehensive loss for the year	-	(38,705)	-	-	264	-	-	-	(38,441)	71	(38,370)
At 31.3.2016	<b>27,775</b>	<b>(207,068)</b>	<b>173,887</b>	<b>3,801</b>	<b>(210)</b>	<b>1,055</b>	<b>1,390</b>	<b>(258)</b>	<b>372</b>	<b>(813)</b>	<b>(441)</b>

Notes:

## 1. BASIS OF PREPARATION

### Statement of compliance

#### (a) *Compliance with Hong Kong Financial Reporting Standards*

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations (“HK(IFRIC)-Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

#### (b) *Initial application of HKFRSs*

In the current year, the Group initially applied the following revised standards, amendments and interpretations (“revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2015:–

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements (2010-2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual Improvements (2011-2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40

The initial application of these revised HKFRSs have no significant impact in the current year financial information and did not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

**(c) Hong Kong Financial Reporting Standards in issue but not yet effective**

The following Hong Kong Financial Reporting Standards in issue at 31 March 2016 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2015:–

HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Annual Improvements to HKFRSs 2012-2014 Cycle	Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2018

<sup>3</sup> Effective for an entity that first adopts HKFRS for its annual financial statements beginning on or after 1 April 2016 and therefore is not applicable to the Group

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these standards and amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**(d) Adoption of the going concern basis**

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on going concern basis notwithstanding that the Group incurred a loss of HK\$38,634,000 for the year ended 31 March 2016 and as of that date, the Group had net current liabilities and net liabilities of HK\$67,268,000 and HK\$441,000 respectively as the Directors considered that:–

- (1) Mr. Tang Sing Ming Sherman (“Mr. Tang”), who, as at 31 March 2016, provided loans to the Group of HK\$71,716,000 and is the sole beneficial owner of all the convertible bonds issued by the Company in the aggregate principal amount of HK\$40,000,000, will provide continuing financial support to the Group. Mr. Tang is the executive director of the Company and one of the beneficiaries of a family trust which holds 60.26% interest in the Company altogether; and



- (2) The Group had unutilized banking facilities of HK\$15,862,000 as at 31 March 2016. Given the Group maintained strong business relationship with its bankers and based on the past experiences, the Directors considered that the Group is able to renew when the facilities expire.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

## 2. REVENUE

Revenue represents invoiced value recognized in respect of provision of food and beverage services, net of discounts and business tax, during the year. An analysis of the revenue recorded for the year is set out below:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Provision of food and beverage services and others	<b>442,871</b>	505,991

## 3. OTHER INCOME

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest income	<b>5</b>	3
Service fee income	<b>1,909</b>	1,410
Franchise income	<b>174</b>	51
Reversal on provision of reinstatement cost	<b>804</b>	–
Miscellaneous items	<b>634</b>	387
	<b>3,526</b>	1,851

#### 4. LOSS BEFORE INCOME TAX

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
(a) Finance costs:		
Interest expenses on secured bank loans, repayable within five years	795	726
Interest expense on convertible bonds	1,220	1,600
Imputed interest expense on convertible bonds	375	943
Finance charge on obligations under finance lease	15	37
Other bank charges	<u>3,810</u>	<u>4,403</u>
	<u><b>6,215</b></u>	<u><b>7,709</b></u>
(b) Other items:		
Amortization of other intangible assets	2,131	1,476
Depreciation	31,002	35,025
Auditor's remuneration	1,201	1,294
Exchange loss	206	798
Operating lease rentals for properties	91,108	103,551
Directors' remuneration	490	602
Other staff salaries and benefits	130,084	145,727
Retirement scheme contributions	6,242	6,600
Equity-settled share-based payment expenses	5	130
Other staff costs	136,331	152,457
Cost of inventories sold	144,389	159,999
Loss/(gain) on disposal of plant and equipment	<u>508</u>	<u>(769)</u>

## 5. INCOME TAX

Taxation in the profit or loss represents:

	<b>2016</b> <b>HK\$'000</b>	2015 <b>HK\$'000</b>
Current tax	<b>2,863</b>	4,500
Deferred tax	<b>1,035</b>	(2,479)
	<b><u>3,898</u></b>	<b><u>2,021</u></b>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) The Company’s subsidiaries incorporated/established in Hong Kong, the People’s Republic of China (“PRC”), Taiwan and Japan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax, Taiwan Profit-Seeking-Enterprise Income Tax and Japan Corporate Income Tax at the rates of 16.5%, 25%, 17% and 15% respectively (2015: HK – 16.5%, PRC – 25%, Taiwan – 17% and Japan – 15% respectively).

## 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$38,705,000 (2015: HK\$36,643,000) and the weighted average number of ordinary shares of 2,497,757,000 (2015: 2,242,950,000 ordinary shares) in issue during the year ended 31 March 2016.

	<b>2016</b> <b>HK\$'000</b>	2015 <b>HK\$'000</b>
Loss for the year attributable to the owners of the Company	<b><u>38,705</u></b>	<b><u>36,643</u></b>

### Weighted average number of ordinary shares

	<b>2016</b> <b>'000</b>	2015 <b>'000</b>
Issued ordinary shares at the beginning of the year	<b>2,242,950</b>	2,242,950
Effect of share options exercised	<b>15,736</b>	–
Effect of conversion of convertible bonds	<b>239,071</b>	–
Issued ordinary shares at the end of the year	<b><u>2,497,757</u></b>	<b><u>2,242,950</u></b>

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2015 and 2016.

## 7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors	<b>5,681</b>	8,469
Rental and utility deposits	<b>25,548</b>	38,631
Prepayments	<b>3,305</b>	4,156
Other debtors	<b>998</b>	591
	<hr/> <b>35,532</b> <hr/>	<hr/> 51,847 <hr/>

### (a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers, who entitled credit term of 30-60 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, (net of allowance for doubtful debts) at the end of the reporting period:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	<b>5,367</b>	7,084
31 – 60 days	<b>310</b>	709
61 – 90 days	<b>3</b>	345
91 – 180 days	<b>1</b>	11
181 – 365 days	<b>–</b>	320
	<hr/> <b>5,681</b> <hr/>	<hr/> 8,469 <hr/>

**(b) Trade debtors that are not impaired**

The aging analysis of trade debtors that are not considered to be impaired was as follow:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	<u>5,608</u>	<u>7,062</u>
Past due but not impaired:		
1 – 30 days	69	823
31 – 60 days	3	262
61 – 90 days	1	6
91 – 180 days	–	7
181 – 365 days	<u>–</u>	<u>309</u>
	<u>73</u>	<u>1,407</u>
	<u><b>5,681</b></u>	<u><b>8,469</b></u>

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

**8. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED**

Creditors, accruals and deposits received comprise:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors	20,274	28,010
Accruals and provisions	22,336	30,598
Other creditors	<u>12,019</u>	<u>14,394</u>
	<b>54,629</b>	73,002
Less: Classified in non-current liabilities	<u>(2,835)</u>	<u>(3,502)</u>
Classified in current liabilities	<u><b>51,794</b></u>	<u><b>69,500</b></u>

The following was an aging analysis of trade creditors:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	<b>9,296</b>	16,107
31 – 60 days	<b>7,800</b>	10,432
61 – 90 days	<b>1,968</b>	288
91 – 180 days	<b>323</b>	573
Over 180 days	<b>887</b>	610
	<u><b>20,274</b></u>	<u>28,010</u>

## 9. CASH AND CASH EQUIVALENTS

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cash and bank balances	<u><b>39,971</b></u>	<u>49,628</u>

## 10. BUSINESS COMBINATION

During the year ended 31 March 2016, the Group completed the acquisition of 100% equity interest in Cookie Man China (BVI) Limited and its subsidiaries, which are currently running the logistic and production centre in Shanghai, at a total consideration of HK\$5.4 million.

The goodwill recognized is expected to be non-deductible for income tax purposes. The fair value of the identifiable assets and liabilities acquired in above acquisitions are as follows:–

	<b>2016</b> <i>HK\$'000</i>
Net identifiable assets acquired:	
Plant and equipment	1,645
Other intangible assets	1,772
Inventories	337
Debtors, deposits and prepayments	404
Cash and bank balances	68
Creditors, accruals and deposits received	(837)
Deferred tax liabilities	(527)
	<u>2,862</u>
Goodwill on acquisition of interests in subsidiaries	<u>2,565</u>
Consideration for acquisition of subsidiaries	<u><u>5,427</u></u>

**2016**  
**HK\$'000**

Consideration for acquisition of subsidiaries:

Cash consideration paid	3,927
Other creditors	1,500
	<hr/>
	5,427
	<hr/> <hr/>

Net cash outflow arising on business combination:

Cash consideration paid	(3,927)
Cash and bank balances acquired	68
	<hr/>
	(3,859)
	<hr/> <hr/>

Acquisition related costs incurred during the year to these acquisitions amounting to approximately HK\$100,000 were included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed approximately HK\$6,967,000 and HK\$938,000 to the Group's loss for the year and revenue for the year ended 31 March 2016, respectively, for the period between 2 April 2015, the date of acquisition and the end of the reporting year.

Had the acquisition been completed on 1 April 2015, total Group's loss for the year and revenue for the year ended 31 March 2016 would be approximately HK\$38,634,000 and HK\$442,871,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the revenue and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2015, nor was it intended to be a projection of future result.

## **11. DISPOSAL OF SUBSIDIARIES**

During the year ended 31 March 2016, the Group disposed of the entire equity interest in (i) Jazzman Holdings Limited and its subsidiaries (collectively referred as to the "Jazzman Group") to Speedway Limited, which is wholly and beneficially owned by a director of the Company, Mr. Tang, at a total consideration of HK\$1.7 million, in order to dispose of the Group's overseas operations in Japan; and (ii) Alworth Limited and its subsidiaries, (collectively referred as to the "Alworth Group") to Simply Global Investments Limited, which is wholly and beneficially owned by Mr. Tang, at a total consideration of HK\$45.0 million, in order to dispose of two separate lines of business, under the brand names of Xiao Wang Beef Noodle and Xia Fei. The consideration of HK\$45.0 million was fully satisfied by the loans from a director; and (iii) Robust Asia Limited and its subsidiary, (collectively referred as to the "Robust Asia Group") to Headline Bar & Restaurant Limited, which is an independent third party, at a total consideration of HK\$4.5 million, in order to disposal of the Group's food processing solutions and catering services in Hong Kong.

The net assets of the above subsidiaries being disposed of were as follows:–

	<b>Jazzman Group HK\$'000</b>	<b>Alworth Group HK\$'000</b>	<b>Robust Asia Group HK\$'000</b>	<b>Total HK\$'000</b>
Net assets disposed of:–				
Plant and equipment	748	11,972	826	13,546
Goodwill on consolidation	–	2,141	1,067	3,208
Other intangible assets	105	3,063	43	3,211
Deferred tax assets	–	4,278	97	4,375
Inventories	65	823	696	1,584
Debtors, deposits and prepayments	729	15,434	3,619	19,782
Amount due from a fellow subsidiary	–	221	–	221
Cash and bank balances	132	18,387	1,714	20,233
Creditors, accruals and deposit received	(379)	(16,444)	(2,391)	(19,214)
Bank loan, secured	–	(1,945)	–	(1,945)
Income tax payable	–	(2,457)	(17)	(2,474)
Amounts due to fellow subsidiaries	–	(165)	–	(165)
Deferred tax liabilities	–	(581)	–	(581)
	<u>1,400</u>	<u>34,727</u>	<u>5,654</u>	<u>41,781</u>
Net assets disposed of				
Release of exchange reserve	(566)	–	–	(566)
	<u>834</u>	<u>34,727</u>	<u>5,654</u>	<u>41,215</u>
Non-controlling interests	–	–	(1,540)	(1,540)
Gain on disposal of subsidiaries	880	10,273	386	11,539
	<u>1,714</u>	<u>45,000</u>	<u>4,500</u>	<u>51,214</u>
Total consideration				
Total consideration satisfied by:–				
Cash consideration	1,714	–	4,500	6,214
Loans from a director	–	45,000	–	45,000
	<u>1,714</u>	<u>45,000</u>	<u>4,500</u>	<u>51,214</u>
Net cash inflow/(outflow) arising on disposal:–				
Cash consideration received	1,714	–	4,500	6,214
Cash and bank balances disposed of	(132)	(18,387)	(1,714)	(20,233)
	<u>1,582</u>	<u>(18,387)</u>	<u>2,786</u>	<u>(14,019)</u>



## 12. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for the loans from a director and disposal of subsidiaries as disclosed in note 11, the Group had the following material transactions with its related parties in which a Director of the Company has controlling interest under the GEM Listing Rules during the year:

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
(i) Interest expense on convertible bonds to Strong Venture <sup>#</sup>	<i>(a)</i>	<b>622</b>	1,600
(ii) Interest expense on convertible bonds to Mr. Tang	<i>(a)</i>	<b>598</b>	–
(iii) Rental expense to Joint Allied Limited (“Joint Allied”) <sup>##</sup>	<i>(b)</i>	<b>1,446</b>	1,371
(iv) Rental expense to Assets Partner Limited (“Assets Partner”) <sup>##</sup>	<i>(b)</i>	<b>1,872</b>	1,404
(v) Rental expense to Jebson Development Limited (“Jebson Development”) <sup>##</sup>	<i>(b)</i>	<b>639</b>	<b>552</b>

<sup>#</sup> Mr. Tang, an executive Director of the Company, has controlling interest.

<sup>##</sup> Joint Allied, Assets Partner and Jebson Development are owned by a family trust in which Mr. Tang is one of the beneficiaries.

### *Notes:*

- (a) The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012. The Company entered into the supplemental deed with Strong Venture dated 8 July 2015 pursuant to which the Company and Strong Venture agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the third anniversary to the sixth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions in the Convertible Bonds remain unchanged, valid and in full force. On 21 August 2015, Strong Venture transferred the Convertible Bonds in the aggregate principal amount of HK\$80,000,000 to Mr. Tang in consideration of the sum of HK\$80,000,000. All terms and conditions the Convertible Bonds remain unchanged.
- (b) The transactions were entered based on the normal commercial terms.

The Directors (including the independent non-executive Directors) of the Company have reviewed the above related party and connected transactions and are of the opinion and confirm that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary and usual course of the business of the Group; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## Key management compensation

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Fees for key management personnel	360	360
Salaries, allowances and other benefits in kind	5,919	5,105
Retirement scheme contributions	123	112
Equity-settled share-based payment expenses	8	221
	<u>6,410</u>	<u>5,798</u>

## 13. SEGMENT AND ENTITY-WIDE INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly review by the chief operating decision maker (the board of directors) in order to allocation resources to the segment and to assess its performance.

(a) The Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

### (b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	89,836	68,510	353,035	437,481	442,871	505,991
Other revenue	642	373	2,884	1,478	3,526	1,851
Total revenue	<u>90,478</u>	<u>68,883</u>	<u>355,919</u>	<u>438,959</u>	<u>446,397</u>	<u>507,842</u>
Non-current assets	<u>12,792</u>	<u>19,759</u>	<u>92,554</u>	<u>123,501</u>	<u>105,346</u>	<u>143,260</u>

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on (i) the physical location of the assets, in the case of plant and equipment and inventories, (ii) the location of operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operation to which they are incurred, in the case of debtors, deposits and prepayments, income tax recoverable and cash and bank balances.

### (c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2016 and 2015.

#### **14. EMPHASIS OF MATTER**

The Board would like to draw the users' attention that the Company's auditor has included the Emphasis of Matter paragraph in the independent auditor's reports in the consolidated financial statements of the Group for the year ended 31 March 2016.

Attention to note 1(d) to the above consolidated financial statements has been drawn by the Company's auditor which indicates that the Group incurred a net loss of HK\$38,634,000 for the year ended 31 March 2016 and as of that date, the Group had net current liabilities and net liabilities of HK\$67,268,000 and HK\$441,000 respectively. These conditions, along with other matters as set forth in note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The auditor's opinion is not qualified in respect of this matter. The Directors, taking into account of the factors setting out in note 1(d) above, are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

#### **15. DIVIDEND**

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2016 (2015: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's audited turnover for the year ended 31 March 2016 amounted to HK\$442.9 million (2015: HK\$506.0 million), representing a decrease of 12% compared with the last financial year. Net loss attributable to owners of the Company increased by HK\$2.1 million, to HK\$38.7 million as compared with the last financial year.

### Industry Overview

In year 2015, the global economy was still struggling along in the aftermath of the financial crisis. This year marks a turning point for the Chinese economy. China GDP grew by 6.9%, the lowest rate since 1990. During the year, topics of defaults of companies, plunges of the stock market and real estate bubbles across the country dominated in the Chinese news headlines. Fortunately, the consumer sector has shown signs of resilience despite the struggling economy.

At home in Hong Kong, the growth trend has been slowing down due to the close linkage with the mainland China. Hong Kong's travel service exports also slowed down as the tourism sector faced a structural downtrend led by the loss of Hong Kong's appeal to mainland Chinese tourists and greater competition from surrounding destinations. Hong Kong retail sector is struggling to cope with these economic headwinds. While we were operating under a difficult backdrop, competition in the food and beverage ("F&B") sector remained intense. We have to compete against other F&B operators for labour, rent space and customers. Despite the economic downturn, cost structure of the F&B industry was similar to that of the previous years. We continue to face shortage of manpower, high turnover rate in labour, and burden from high rent rate. Apart from these challenges, the industry continues to feel the pressures from rising costs in raw materials and utilities. All these have tightened up profit margin for the F&B sector.

### Business Review

In our annual report of the last financial year, we outlined that business model refinement and portfolio restructure would be our major priority in fiscal 2015/2016. With this mission in mind, we had undergone business restructuring so that we would path a focused growth company for the future. During the year under review, the Group had disposed of the entire interests in the Shanghainese dining concept and Taiwan beef noodle chain stores, coupled with the overseas operation in Japan in order to focus the resources on the development of the Japanese food-related concepts in the Greater China region. After the disposal, the total number of stores was decreased by 10. Taking into account the closed stores under the remaining brands, the number of our stores was reduced to 59 as at the year end. We now focus on 4 core dining concepts in our portfolio, namely the restaurant, café and cake shop brands, Japanese curry specialty shop, Japanese izakaya and Japanese tonkatsu.

It is an inevitable outcome that our store network would be shrunken after the restructuring. However, the reform starts to show results as some improved figures reflected in the decrease in operating expenses and amount of debt. These demonstrate our progress in business restructuring which tends to optimize position of the Group. We hope to see further improvement in key operating figures upcoming.

In Hong Kong, sales of our flagship brand of restaurants, café and cake shops, together with its extended brands had declined due to closure of stores upon expiry of their leases. Through years of presence in the market, we have learned from our past experience that we must innovate our way out. This year, number of store remained unchanged as we intended to put more efforts on product innovation, menu engineering and customer relationships. We had several new, exciting products launched during the year. Leverage by the success of our first theme store, another theme store was deputed in October 2015 to bring our customers with new surprises and attract new clientele. We had also introduced new favours to our traditional selection of cakes by a crossover with a renowned pastry chef from Japan. We are excited about the possibility of this innovative cooperation and we hope it will find a way to new opportunity outside of Hong Kong. Leveraged on our experience in Shanghai, we had expanded to another prosperous metropolis in China, namely Shenzhen, by opening the first café in the region. Despite lower than the expected sales for the first couple of months, our PRC team is working on strategies to drive traffic. We believe we can apply our successful models from our Hong Kong business to drive growth in this new market. In Shanghai and Taiwan, sales were weaker than Hong Kong. Going forward, we will continue to enhance the brand recognition and our ability in the operation efficiency.

During the year, we closed all stores under the Japanese tonkatsu brand in Hong Kong due to expiry of the lease term, and therefore sales of the year from this brand in the region declined. The setback is only temporary as two new locations for the stores have been secured. The new stores will be opened very soon. As of the year end, we operated 3 stores in Shanghai, which had been contributing a stable income to the Group. We expect the fiscal year 2016/2017 to be a year of sequential sales improvement for this brand as new Hong Kong stores rolls out.

In China, the Japanese curry specialized concept was incredibly strong. As of the year end, we have 5 direct-operate stores in Shanghai, which have achieved a remarkable same-store-growth rate. Equally significant, our brand licensing and management under this concept has also made good progress. We will continue to explore more opportunities in this licence-led business. Meanwhile, the performance of this brand in Hong Kong was disappointing. Our operating team is working on menu revamps to spark customer interest. Our management can assure that we are taking the right steps to grow this business and we expect sales to pick up again very soon.

During the year, a new store of the Japanese izakaya concept was opened in Hong Kong, totalling 3 stores as at the financial year end. The two old stores in Hong Kong and Shanghai had recorded same-store sales growth driven by the improved operations and food innovation. A new location has been secured in Guangzhou. We will continue to sharpen products and price offers going forward.

## **Future Prospects**

With almost half of 2016 behind us, we have seen the toughest year in our operating history since our engagement in the F&B sector. Sales dropped to a record low in the first quarter of 2016. We believe our management team will help the Company weather the gloomy economy. However, it is hard to foresee when the sluggish market takes a turn for the better or the economy revives. Diversification in terms of business and income source is important to the Group's sustainability. Therefore, we will not preclude the possibilities to evolve through business opportunities other than the existing concepts while we expand our business in a prudent and effective manner. We will also take necessary steps to remodel our business further so that we will be better positioned under these market realities.

## **FINANCIAL REVIEW**

### **Consolidated results of operations**

For the year ended 31 March 2016, the Group recorded a total turnover of HK\$442.9 million (2015: HK\$506.0 million), representing a decrease of 12% compared with the previous year.

Net loss attributable to owners of the Company was HK\$38.7 million (2015: HK\$36.6 million).

### **Gross profit**

The gross profit margin from the operations of the Group was 67% (2015: 68%).

### **Expenses**

Total operating expenses for the operations decreased by 12% to HK\$329.0 million (2015: HK\$372.8 million) due to the fact that the Group had disposed of certain subsidiaries during the year under review. As at 31 March 2016, the shop numbers was also decreased substantially by 19% compared with corresponding period last year.

During the year under review, the maturity date of the convertible bond in the principal amount of HK\$80 million has been extended for 36 months to 15 August 2018, i.e. from the date falling on the third anniversary to the sixth anniversary of the date of the issue of the convertible bond. Save and except for the amendment to the maturity date, all the terms and conditions of the convertible bond remain unchanged and shall be valid and continue in full force and effect. Besides, the bondholder exercised partially the conversion rights attaching to the convertible bond in respect of the principal amount of HK\$40 million of the convertible bond at the conversion price of HK\$0.08 per conversion share during the year under review and 500,000,000 ordinary shares of the Company were allotted and issued to the bondholder. As at 31 March 2016, the outstanding principal amount of the convertible bond (“Convertible Bond”) was HK\$40 million, under which a total of 500,000,000 ordinary shares of the Company would be issued upon full exercise of the conversion rights attaching to the convertible bond at the conversion price of HK\$0.08 per share (subject to adjustment).

### **Financial resources and liquidity**

The Group generally relies on internal funds and facilities granted by its bankers and the executive director of our Company to finance its operation.

As at 31 March 2016, the Group’s current assets amounted to HK\$81.6 million (2015: HK\$108.0 million) of which HK\$40.0 million (2015: HK\$49.6 million) was cash and bank deposits, HK\$35.5 million (2015: HK\$51.8 million) was debtors, deposits and prepayments. The Group’s current liabilities amounted to HK\$148.9 million (2015: HK\$260.7 million), including creditors, accruals and deposits received in the amount of HK\$51.8 million (2015: HK\$69.5 million). As at 31 March 2016, as the convertible bonds amounted to HK\$38.6 million (2015: HK\$79.6 million) will not be repayable within twelve months, it was treated as non-current liabilities in this financial year whereas it was included in current liabilities in last financial year.

The current ratio and quick assets ratio as at 31 March 2016 were 0.55 and 0.52 respectively (2015: 0.41 and 0.39 respectively). As the Company incurred net liabilities as at 31 March 2016 and 2015, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less pledged bank deposit and cash and bank balances to total equity, to be calculated.

### **Foreign exchange**

The Group received income from sales in the PRC, Taiwan and Japan denominated in Renminbi, New Taiwan Dollar and Yen respectively. Fluctuations in exchange rates of Renminbi, New Taiwan Dollar and Yen against Hong Kong Dollar could affect the Group's results of operations. During the years ended 31 March 2016 and 2015, no hedging transactions or other exchange rate arrangements were made.

### **Charges on the Group's assets**

Except for the assets pledged as security for obligations under the finance leases at 31 March 2016 and 2015, no Group's assets which had been pledged or charged as at 31 March 2016 and 2015.

### **Capital commitments**

As at 31 March 2016 and 2015, the Group did not have material capital commitment.

### **Contingent liabilities**

As at 31 March 2016 and 2015, the Group did not have material contingent liabilities.

### **Employees and remuneration policies**

As at 31 March 2016, the Group had 743 employees in Hong Kong, the PRC and Taiwan (2015: 1,103 employees in Hong Kong, the PRC, Taiwan and Japan). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the new share option scheme adopted on 20 July 2012 as well as the previous share option scheme adopted on 26 February 2003 (collectively referred to as the "Share Option Schemes").

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2016, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital (Note 3)
Mr. Tang (Note 2)	Beneficiary of a trust	1,173,810,083 (Note 1)	42.26%
	Beneficial owner	500,000,000	18.00%

#### Notes:

1. Mr. Tang is the founder and one of the beneficiaries of Piety Trust ("Family Trust"), a discretionary family trust for the benefit of certain family members of Mr. Tang. The said 1,173,810,083 shares are held by First Glory Holdings Limited ("First Glory") which is wholly-owned by Glory Sunshine Holding Limited ("Glory Sunshine"). In turn, Glory Sunshine is wholly-owned by HSBC International Trustee Limited in its capacity as the trustee of the Family Trust. Mr. Tang is therefore deemed to be interested in the said 1,173,810,083 shares under Part XV of the SFO.
2. Ms. Ho Ming Yee ("Ms. Ho"), the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
3. Based on 2,777,450,000 shares of the Company in issue as at 31 March 2016.



(b) Interests in underlying shares of equity derivatives of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital (Note 3)
Mr. Tang (Note 2)	Beneficial owner	500,000,000 (Note 1)	18.00%

Outstanding options granted to the Directors under the Share Option Schemes:

Name	Date of grant	Exercise price per share HK\$	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Tang (Note 2)	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.18%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.18%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.18%	5,000,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.18%	5,000,000
	19 April 2013	0.090	From 19 April 2015 to 18 April 2023	0.18%	5,000,000
					25,000,000

Notes:

1. The said 500,000,000 shares, held by Mr. Tang, represent the total number of conversion shares attaching to the Convertible Bond in the principal sum of HK\$40 million which would be allotted and issued upon full conversion at the conversion price of HK\$0.08 per share.
2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
3. Based on 2,777,450,000 shares of the Company in issue as at 31 March 2016.

**(c) Interests in the shares of associated corporations of the Company**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number of ordinary share</b>	<b>Approximate percentage of attributable interest in corporation</b>
Mr. Tang <i>(Note 1)</i>	First Glory <i>(Note 2)</i>	Beneficiary of a trust	1	100%

*Notes:*

1. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
2. The one issued share in the share capital of First Glory (which constitutes the entire issued share capital of First Glory) was held by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC International Trustee Limited in its capacity as the trustee of the Family Trust. Mr. Tang is the founder and one of the beneficiaries of the Family Trust.

**(d) Interests in debentures of the Company**

<b>Name</b>	<b>Type of interests</b>	<b>Amount of Debentures</b>
Mr. Tang <i>(Note 2)</i>	Beneficial owner	HK\$40 million <i>(Note 1)</i>

*Notes:*

1. The Convertible Bond, was issued by the Company in the principal sum of HK\$40 million, pursuant to which a total of 500,000,000 ordinary shares of the Company would be issued upon full conversion at the conversion price of HK\$0.08 per share.
2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

Save as disclosed herein, as at 31 March 2016, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

**PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed under the section headed “Directors’ interests in the securities of the Company or any associated corporations”, so far as is known to the Directors and chief executive of the Company, as at 31 March 2016, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

<b>Name</b>	<b>Type of interests</b>	<b>Number of shares and underlying shares</b>	<b>Approximate percentage of the issued capital (Note 4)</b>
Mr. Tang	Beneficial owner	1,025,000,000 (Note 3)	36.91%
	Beneficiary of a trust (Note 1)	1,173,810,083	42.26%
HSBC International Trustee Limited (Note 1)	Interest in corporation	1,173,810,083	42.26%
Glory Sunshine (Note 1)	Interest in corporation	1,173,810,083	42.26%
First Glory (Note 1)	Beneficial owner	1,173,810,083	42.26%
Ms. Ho (Note 2)	Interest in spouse	2,198,810,083	79.17%

*Notes:*

1. The said 1,173,810,083 shares of the Company are held by First Glory. First Glory is wholly-owned by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC International Trustee Limited in its capacity as the trustee of the Family Trust.
2. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. Please refer to the section headed “Directors’ interests in the securities of the Company or any associated corporations” for further details.
3. The said 1,025,000,000 shares of the Company comprises 500,000,000 ordinary shares of the Company held by Mr. Tang, 500,000,000 underlying shares which would be issued upon conversion of the Convertible Bond in full and 25,000,000 underlying shares which would be issued upon exercise of all the share options of the Company held by Mr. Tang.
4. Based on 2,777,450,000 shares of the Company in issue as at 31 March 2016.

## SHARE OPTIONS

As at 31 March 2016, options under Share Option Schemes to subscribe for an aggregate of 33,000,000 shares have been granted to a total of one director and two employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share <i>HK\$</i>	Outstanding at 1.4.2014	Lapsed during the year	Outstanding at 31.3.2015 and 1.4.2015	Exercised during the year	Outstanding at 31.3.2016
Category 1:								
Directors								
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	5,000,000	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	5,000,000	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,000,000	–	5,000,000	–	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,000,000	–	5,000,000	–	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	(1,000,000)	–
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000	(500,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000	(500,000)	–
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	(1,000,000)	–
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000	(500,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000	(500,000)	–
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	(1,000,000)	–
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000	(500,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000	–	500,000	(500,000)	–
Category 2:								
Employees								
	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	2,000,000	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	5,000,000	–	5,000,000	(2,000,000)	3,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000	–	5,000,000	(2,000,000)	3,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,400,000	–	3,400,000	(3,400,000)	–
	23.12.2011	23.12.2013 – 22.12.2021	0.062	4,500,000	–	4,500,000	(4,500,000)	–
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,600,000	–	5,600,000	(5,600,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000	(5,500,000)	–
	19.4.2013	19.4.2015 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000	(5,500,000)	–
Total of all categories				<u>69,500,000</u>	<u>(2,000,000)</u>	<u>67,500,000</u>	<u>34,500,000</u>	<u>33,000,000</u>

## COMPETING INTERESTS

None of the directors, the controlling shareholders or their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

Mr. Tang, the executive Director, is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well-established hospitality group which creates and operates a wide variety of food and beverage concepts in Hong Kong, the PRC, Japan and Singapore. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong, the PRC, Japan and Singapore include but are not limited to the following: Joy & Joy 喜双逢, Tim's Kitchen Elements 圓方桃花源, The Peak Lookout, The Peak Lookout Airport, Jimmy's Kitchen, Steak World Meats, Agave, Club 97, Post 97, El Pomposo Shanghai, Sei 誠, Naha 那霸沖繩料理, 大勝軒, 大門, Xia Fei 霞飛, Xia Xiao Fei 霞小飛, Xiao Wang Beef Noodle 小王牛肉麵, Avenue Joffre at Sentosa 聖淘沙霞飛路, Kansai Mama 關西媽媽, Osteria Felice and Han Nya Tou 般若湯 ("Private Group Restaurants"). The information of some of these restaurants, including their locations and menus, can be found in the website [www.epicurean.com.hk](http://www.epicurean.com.hk) (which is not the website of the Company).

The cuisines and dining experiences that the Private Group Restaurants offer are largely different from those that are currently offered by the Group's restaurants (which include Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, restaurants, café and cake shops under the brands of Italian Tomato, the Japanese curry specialty stores under the name of Shirokuma Curry 白熊咖哩, the Japanese ramen under the name of Mutsumiya 睦美屋 and the Japanese izakaya under the name of Enmaru 炎丸) ("Group Restaurants"). For the Private Group Restaurants that share similar cuisines with any of the Group Restaurants, they operate in different locations; and for the Private Group Restaurants that are located in the same district with any of the Group Restaurants, they operate on different concepts and serve different cuisines. In view of this, Mr. Tang considers that the restaurants currently owned or operated by him and his associates (otherwise than through the Group) are not in competition with the business of the Group.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date of approval of the Group's unaudited results for the year ended 31 March 2016, the audit committee had held four meetings and had reviewed the draft quarterly report and accounts for the year ended 31 March 2016 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the year ended 31 March 2016, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

## **CORPORATE GOVERNANCE**

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2016, except for the deviations from Code Provisions A.2.1 and A.4.2 of the Corporate Governance Code. Details of the deviations are set out below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

Mr. Tang is the Chairman of the Board and the Chief Executive Officer of the Company. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that:

- the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer;
- the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer;
- Mr. Tang as the Chairman of the Board and the Chief Executive Officer of the Company is responsible for ensuring that all Directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributing to the Board and the Group on all top-level and strategic decisions; and
- this structure will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being, or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, as at the date hereof, Mr. Tang being the Chairman of the Board, is not subject to retirement by rotation. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

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

Hong Kong, 27 June 2016

*As at the date of this announcement, the Company's executive director is Mr. Tang Sing Ming Sherman; independent non-executive directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the day of its posting.*