



epicurean | 惟膳  
**Epicurean and Company, Limited**  
**惟膳有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8213)**

**FIRST QUARTERLY RESULTS REPORT**  
**FOR THE PERIOD ENDED**  
**30 JUNE 2013**

## **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 report, 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 report 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 report misleading.*

**FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED  
30 JUNE 2013**

Consolidated turnover was HK\$92.7 million for the period under review, representing an increase of 178% compared with HK\$33.4 million recorded from continuing operations in the corresponding period last year.

Loss attributable to owners of the Company decreased to HK\$2.3 million from HK\$7.9 million compared with the corresponding period last year.

## RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the period ended 30 June 2013, together with the comparative unaudited consolidated figures for the corresponding period last year, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2013

		For the three months ended 30 June	
		2013	2012
	Note	HK\$'000	HK\$'000
<b>Continuing operations</b>			
Turnover	2	92,730	33,411
Cost of sales		<u>(29,492)</u>	<u>(9,799)</u>
Gross profit		63,238	23,612
Other income		546	213
Operating expenses		<u>(64,221)</u>	<u>(26,213)</u>
Operating loss		(437)	(2,388)
Finance costs		<u>(1,587)</u>	<u>(1,004)</u>
Loss before income tax		(2,024)	(3,392)
Income tax (expense)/credit	3	<u>(279)</u>	<u>227</u>
Loss for the period from continuing operations		(2,303)	(3,165)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	4	<u>-</u>	<u>(4,752)</u>
<b>Loss for the period</b>		<b>(2,303)</b>	<b>(7,917)</b>
<b>Other comprehensive loss, net of tax</b>			
Exchange loss arising from translation of financial statements of foreign operations		<u>(168)</u>	<u>(52)</u>
<b>Total comprehensive loss for the period</b>		<b><u>(2,471)</u></b>	<b><u>(7,969)</u></b>

		<b>For the three months ended 30 June</b>	
		<b>2013</b>	2012
<i>Note</i>		<b>HK\$'000</b>	<i>HK\$'000</i>
Loss for the period attributable to:			
Owners of the Company		<b>(2,314)</b>	(7,915)
Non-controlling interests		<b>11</b>	(2)
		<u><b>(2,303)</b></u>	<u>(7,917)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		<b>(2,482)</b>	(7,967)
Non-controlling interests		<b>11</b>	(2)
		<u><b>(2,471)</b></u>	<u>(7,969)</u>
<b>Loss per share</b> ( <i>HK cents</i> )	5		
From continuing and discontinued operations			
– Basic		<u><b>(0.10)</b></u>	<u>(0.48)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>
From continuing operations			
– Basic		<u><b>(0.10)</b></u>	<u>(0.19)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>
From discontinued operations			
– Basic		<u><b>N/A</b></u>	<u>(0.29)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2013

	Attributable to owners of the Company									
	Share Capital	Accumulated losses	Share premium	Special reserve	Exchange reserve	Employee share-based compensation reserve	Convertible bonds equity reserve	Total	Non-Controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2012 (Audited)	16,430	(88,965)	103,610	3,801	1,173	886	2,100	39,057	1,158	40,195
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	136	-	136	-	136
Release upon disposal of a subsidiary	-	-	-	-	(1,211)	-	-	(1,211)	-	(1,211)
Total comprehensive loss for the period	-	(7,915)	-	-	(52)	-	-	(7,967)	(2)	(7,969)
At 30 June 2012 (Unaudited)	16,430	(96,878)	103,610	3,801	(90)	1,022	2,100	29,995	1,156	31,151
At 1 April 2013 (Audited)	22,430	(106,724)	135,200	3,801	104	1,289	2,521	58,621	1,380	60,001
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	158	-	158	-	158
Total comprehensive loss for the period	-	(2,314)	-	-	(168)	-	-	(2,482)	11	(2,471)
At 30 June 2013 (Unaudited)	22,430	(109,038)	135,200	3,801	(64)	1,447	2,521	56,297	1,391	57,688

Notes:

## 1. BASIS OF PREPARATION

These unaudited consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and are prepared under the historical cost convention as modified by revaluation of financial assets at fair value through profit or loss and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated quarterly results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2013.

## 2. TURNOVER

Turnover, from both continuing and discontinued operations, represents revenue recognized in respect of provision of food and beverage services, sale of application software packages and others, net of discounts and business tax, during the period. An analysis of the turnover recorded for the period is set out below:

	Continuing operations		Discontinued operations		Total	
	For the three months ended 30 June		For the three months ended 30 June		For the three months ended 30 June	
	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision of food and beverage services	92,730	33,411	-	-	92,730	33,411
Sales of application software packages and related maintenance income	-	-	-	1,483	-	1,483
	<b>92,730</b>	<b>33,411</b>	<b>-</b>	<b>1,483</b>	<b>92,730</b>	<b>34,894</b>

### 3. INCOME TAX

Taxation in the profit or loss represents:

	For the three months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax	(930)	(738)
Deferred tax	1,209	511
	<u>279</u>	<u>(227)</u>
Discontinued operations		
Current tax	-	39
Deferred tax	-	120
	<u>-</u>	<u>159</u>
Income tax credit	<u>-</u>	<u>(68)</u>

- (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 the BVI.
- (ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2012: 16.5% and 25% respectively).

### 4. DISCONTINUED OPERATIONS

During the period ended 30 June 2012, the shareholders of the Company passed an ordinary resolution at an extraordinary general meeting on 18 April 2012 to discontinue all the information technology businesses.



Loss for the period ended 30 June 2012 for all the information technology businesses was as follows:

	<b>For the three months ended 30 June</b>	
	<b>2013</b>	2012
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	-	1,483
Cost of sales and services rendered	-	(636)
	<hr/>	<hr/>
Gross profit	-	847
Loss on disposal of subsidiaries – <i>Note 6</i>	-	(3,839)
Operating expenses	-	(1,417)
	<hr/>	<hr/>
Operating loss	-	(4,409)
Finance costs	-	(1)
	<hr/>	<hr/>
Loss before income tax	-	(4,410)
Income tax credit/(expense)	-	(342)
	<hr/>	<hr/>
Loss for the period	-	(4,752)
	<hr/> <hr/>	<hr/> <hr/>

## 5. LOSS PER SHARE

### Basis loss per share

The calculation of basic loss per share for the period is based on the following data:-

	2013		2012	
	Loss	Number of	Loss	Number of
	attributable	ordinary	attributable	ordinary
	to owners	shares	to owners	shares
	<b>HK\$'000</b>		<b>HK\$'000</b>	
Continuing operations	(2,314)	2,242,950,000	(3,163)	1,642,950,000
Discontinued operations	-	2,242,950,000	(4,752)	1,642,950,000
	<hr/>		<hr/>	
	<b>(2,314)</b>	<b>2,242,950,000</b>	<b>(7,915)</b>	1,642,950,000
	<hr/> <hr/>		<hr/> <hr/>	

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 June 2012 and 2013.

## 6. DISPOSAL OF SUBSIDIARIES

During the period ended 30 June 2012, the Group had disposed of the entire equity interests in Armitage Technologies Holding (BVI) Limited and its subsidiaries in order to discontinue all the information technology businesses. The net assets of the above subsidiaries being disposed of were as follows:-

	<b>2013</b> <b>(unaudited)</b> <b>HK\$'000</b>	2012 (unaudited) HK\$'000
Net assets disposed of:-		
Plant and equipment	-	3,867
Deferred tax assets	-	335
Debtors, deposits and prepayments	-	3,276
Cash and bank balances	-	5,965
Creditors, accruals and deposit received	-	(6,793)
	<hr/>	<hr/>
Net assets disposed of	-	6,650
Release of exchange reserve	-	(1,211)
	<hr/>	<hr/>
	-	5,439
Loss on disposal of subsidiaries	-	(3,839)
	<hr/>	<hr/>
Total consideration	-	1,600
	<hr/> <hr/>	<hr/> <hr/>
Total consideration satisfied by:-		
Cash consideration	-	1,600
	<hr/> <hr/>	<hr/> <hr/>

## **INTERIM DIVIDEND**

The Board does not recommend payment of interim dividend in respect of the period ended 30 June 2013 (2012: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group's unaudited turnover for the three months period ended 30 June 2013 amounted to HK\$92.7 million from continuing operations (2012: HK\$33.4 million), representing an increase of 178% compared with the same period of the last fiscal year. Net loss attributable to owners of the Company decreased from HK\$7.9 million, to HK\$2.3 million.

### **Industry Overview**

During this quarter, the developments in the global economic environment have been largely consistent with the picture envisaged in 2012. The economy of Hong Kong continued to enjoy a steady growth as backed by a relatively resilient private consumption. In China, another major market we operate, has signaled a losing of its growing momentum. The retail sector in China, however, has performed well and enjoyed a double digit growth during the quarter.

Bolstered by mainland tourist spending and appreciation of Renminbi, the F&B sector in Hong Kong is robust in general. As the market is receptive to new concepts, new brands and dining trends are developed rapidly. As a result, competition among the sector has been very intensive. In such a highly competitive market, we have to be innovative and adaptive. During the period, we continued to refresh our menu in our existing brands and introduce new concept to our portfolio.

Similar to the previous quarters, the F&B sector has been facing challenges at various fronts. Our industry continues to suffer from severe shortage of retail floor areas which led to rising in rent rates at retail shops, causing operating difficulties to our sector. Moreover, the implementation of minimum wage by the government had created fierce competition in the labour market. Our sector had to increase salary and offer better employee benefits to attract experienced employees. This, again, asserted further burden to our operation. Under such operating landscape, improve in operating efficiency and more stringent cost control had become increasingly important for the sector.

## **Business Review**

As we have outlined the blueprint for development and expansion for the coming years, we adhered to expand and grow by materializing the business plan. During the reporting period, we welcomed a new concept, Hokkaido ramen to the Group. During the development stage of this dining concept, we had overcome numerous difficulties including sourcing major ingredients, stability of raw materials, taste consistency etc. Finally, we are able to replicate the taste of Hokkaido ramen in Hong Kong and yet at a competitive price range. Our first store in Hong Kong has successfully stood out from the rivals by providing regional ramen experiences to our customers. The store has attracted customer flow and achieved a remarkable turnover rate.

One of our core concept, restaurants, café and cake shops continued to perform well. We had taken a dynamic approach to manage the brand concept. During the period, we launched the second phase of our membership programme and initiated a new promotional campaign, the “Thanksgiving Day”, to encourage spending. We also marked an important milestone of this concept by bringing the first store to each of Shanghai and Taipei city. The results of these recently opened stores have met our expectation.

In approximately one-year time, we have grown the number of stores under the Japanese curry specialty concept to five. In order to increase customer traffic in non-peak business hours, we launched breakfast menu to attract new visits. Also, we have re-engineered our menu by increasing the variety of our food products. Since this is a young brand in its segment, increased customer depth and awareness will be our top priority in the coming years.

In early 2013, the Taiwan beef noodle concept unveiled. We are glad to report that within such a short period of time, this brand has already generated positive cash flow to the Group. Customers will continue to see improved food choices and refreshed menu in the months ahead.

During the quarter, the performance of another core concept, Japanese tonkatsu franchise varied from store to store. Due to an increasing competition in Hong Kong, growth of sales at Hong Kong outlets continued to slow down. We will take a more disciplined approach to manage these stores. In particular, we aim at improving the service and food quality. In Shanghai, sales at our store stayed strong. We are especially excited by our progress in China and more outlets will be opened in the coming quarters.

Meanwhile, sales of the Shanghainese dining group grow steadily. Thanks to the quality food and services offered at our stores, we have retained a loyal customer base. We will deliver on our promise to provide the best-quality service and bring the freshest seasonal ingredients to our customer.

For our self-developed wellness café concept, the results of which had lagged behind other concepts in our portfolio. During the period, lease term of certain stores under the brand had been expired. Our management resolved not to renew the tenancy agreements as we would refocus on finding a balance between expansion and quality. Currently, we are reexamining our resources allocation on this concept.

Last but not the least, sales of our catering services company showed a stable growth compared with that of the same period in the prior fiscal year. The gross profit margin, however, had declined slightly due to the increase in cost of production.

### **Future Prospects**

Our goal is to become a leading hospitality group in Asia. As one of our strategies to achieve the goal, we will consider pursuing strategic acquisitions in other affluent markets. During the reporting period, we have entered into license agreements to operate an izakaya concept in the Greater China. The first store will be opened in Shanghai to test the market receptivity.

It is clear that Greater China will be an important market to drive our growth in the future. We will continue to add stores in the market to tap mainland customers. To expedite our development in the region, we have strengthened our establishments in Shanghai office and also set up another branch office in Taipei. We hope that the two recent set ups will bring regional expertise and local knowledge to facilitate our growth in these areas.

For the Japanese tonkatsu franchise business, we are reevaluating those stores that have not performed up to management's expectation. We are confident that our team will be able to formulate an effective plan to tackle with the situation. On another front, we will continue to open new stores in the existing markets we operate. A store in Hong Kong is currently under renovation and will be opened soon. By replicating our successful model from the Shanghai outlet, we will accelerate the network expansion plan in the territory. Two additional stores will be opened in the region in the coming months.

After the reviewing period, we have honored for the opportunity to acquire the original establishments of the Japanese curry specialty concept in Japan. By possessing the ownership of the worldwide rights of the brand concept, not only will our position in the segment be substantially strengthened, we will be more flexible and adaptive in our future operation.

Apart from the above, we will continue to grow other core concepts, namely restaurants, café and cake shops brand, the Shanghainese dining group and Taiwan beef noodle franchise stores. As the restaurants, café and cake shops concept is already a strong brand in Hong Kong, we will continue to reinforce brand identity in those new markets we operate and transform it into an endure brand in the Greater China region. And on another front, we notice a high demand of Taiwanese cuisine in the region. Therefore, we will seek for store network expansion under the Taiwanese beef noodle concept. Upcoming, enhancing the overall dining experience will remain the core focus of our Shanghainese cuisine brand. We aim to provide customers with overall satisfactory and good value for money. As these concepts have gained reputation in the community, we will consolidate our operation to position for further growth in their respective segment.

As our latest addition, the Hokkaido ramen store, has only been operating for only a short period of time, we will focus on defining our brand image in the region and enhancing the flow of operation at the shop front. Since Japanese ramen is a highly competitive dining concept, we will not be satisfied with the recent success. We are committed to continuous improvement in food product and service to maintain our competitiveness.

To hedge against the rising operating costs, we will strive to improve the efficiency to maintain a reasonable profit margin. The new food processing plant and distribution centre is under the final planning stage. We expect that the central kitchen will commence operation before the end of this fiscal year.

Looking ahead, we will implement our business expansion plan as outlined in our development agenda. We believe that Mainland China will ultimately represent one of our major markets outside Hong Kong, therefore we will continue to strengthen our presence in the region while reinforcing our business in Hong Kong. Meanwhile, we will conduct an in-depth market research to tap into the overseas markets. As innovation is cornerstone for success, we will always search for or develop new concepts to delight our customers on an ongoing basis.

## **FINANCIAL REVIEW**

### **Consolidated results of operations**

For the three months ended 30 June 2013, the Group recorded turnover from continuing operations of HK\$92.7 million (2012: HK\$33.4 million), the turnover increased by 178% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$2.3 million (2012: HK\$7.9 million).

The gross profit margin of the Group was 68% (2012: 71%). The slight decline was due to the increase in cost of production.

Total operating expenses increased by 145% to HK\$64.2 million (2012: HK\$26.2 million). Such increase was attributable to the number of outlets tripled compared with the corresponding period last year.

The loss from discontinued operations in relation to the disposed of information technology amounted to HK\$4.8 million during the period ended 30 June 2012.

### **Other financial assets**

On 10 February 2010, a wholly-owned subsidiary of the Company, Marvel Success Limited ("Marvel Success") subscribed at face value, a two-year 5% convertible bond ("PJ Convertible Bond") in the principal amount of US\$2,000,000 (equivalent to approximately HK\$15,500,000 as at 31 March 2013) issued by PJ Partners Pte. Ltd. ("PJ Partners"), a company which is incorporated in Singapore with limited liability and is engaged in food and beverage management business, with transaction costs of HK\$1,300,000. According to the terms of the subscription agreement, the conversion price is lower of the net asset value per share or 2.5 times the net profit per share of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US\$2,000,000 to convert to shares of PJ Partners up to 75% or minimum 25% of the issued share capital of PJ Partners.

At initial recognition, the loan receivable component of PJ Convertible Bond was recognized at fair value of HK\$16,217,000 which was estimated by discounted cash flows method using a market interest rate for a similar investment plus allocated transaction costs. The loan receivable is carried at amortized cost in subsequent measurement.

For derivative component of PJ Convertible Bond, the fair value at initial recognition was HK\$633,000, which was estimated by the difference between the consideration paid and the fair value of loan receivable component at initial recognition.

On 10 February 2012, Marvel Success executed a supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been extended for one year from the second anniversary to the third anniversary of the date of the issue of the PJ Convertible Bond.

As at 30 June 2012 and 30 June 2013, the management assessed the possibility of conversion to the shares of PJ Partners by referring to PJ Partners' financial performance and future prospect and concluded that the conversion is not likely to be occurred unless there are any changes in PJ Partners' financial performance and future prospect. The carrying amount of derivative component of PJ Convertible Bond was revalued to zero since 31 March 2011.

On 4 February 2013, Marvel Success executed a second supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

On 8 May 2013, Marvel Success executed a third supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success. As at 30 June 2013, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary.

On 9 August 2013, Marvel Success executed a fourth supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond has been further extended to 9 November 2013 in order to offer PJ Partners additional time to arrange payment of the outstanding principal amount of the PJ Convertible Bond. Please refer to the Company's announcement dated 9 August 2013 for details.

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

During the three months ended 30 June 2013, 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 30 June 2013, 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**

<b>Name</b>	<b>Type of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 3)</i>
Mr. Tang Sing Ming Sherman ("Mr. Tang") <i>(Note 2)</i>	Beneficiary of a trust	1,673,810,083 <i>(Note 1)</i>	74.63%

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 1,673,810,083 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 Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust. Mr. Tang is therefore deemed to be interested in the said 1,673,810,083 shares under Part XV of the SFO.

In addition, Mr. Tang is also the sole legal and beneficial owner of Strong Venture Limited (“Strong Venture”), which held convertible bond issued by the Company in the aggregate principal amount of HK\$80 million (“Convertible Bond”) pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bond held by Strong Venture.

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 2,242,950,000 shares of the Company in issue as at 30 June 2013.

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

<b>Name</b>	<b>Type of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 3)</i>
Mr. Tang <i>(Note 2)</i>	Interest in corporation	1,000,000,000 <i>(Note 1)</i>	44.58%

Outstanding options granted to the Directors under the share option schemes adopted on 26 February 2003 and 20 July 2012 (“Share Option Scheme”):

Name	Date of grant	Exercise price per share (Note 4) 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	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2015 to 18 April 2023	0.22%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
					31,000,000

*Notes:*

- The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the principal amount of HK\$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bond held by Strong Venture.

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 2,242,950,000 shares of the Company in issue as at 30 June 2013.
4. The original exercise price in respect of the share options granted on 13 August 2010 was HK\$0.142 per share. Adjustment of the exercise price of such share options has been made on 28 October 2011 to HK\$0.138 per share as a result of the rights issue by the Company in November 2011.

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

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

*Note:*

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 Trustee (Cook Islands) 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**

Name	Type of interests	Amount of Debentures
Mr. Tang <i>(Note 2)</i>	Interest in corporation	HK\$80 million <i>(Note 1)</i>

*Notes:*

1. The said HK\$80 million represents the outstanding principal amount of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang. The Convertible Bond was issued pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 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 30 June 2013, 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 30 June 2013, 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</b>	<b>Approximate percentage of the issued capital (Note 4)</b>
HSBC Trustee (Cook Islands) Limited (Note 1)	Interest in corporation	1,673,810,083	74.63%
Glory Sunshine (Note 1)	Interest in corporation	1,673,810,083	74.63%
First Glory (Note 1)	Beneficial owner	1,673,810,083	74.63%
Strong Venture (Note 2)	Beneficial owner	1,000,000,000	44.58%
Ms. Ho (Note 3)	Interest in spouse	2,698,810,083	120.32%

Notes:

- The said 1,673,810,083 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 Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust.

2. The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the principal amount of HK\$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO in the Convertible Bond held by Strong Venture.
3. 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.
4. Based on 2,242,950,000 shares of the Company in issue as at 30 June 2013.

## SHARE OPTIONS

As at 30 June 2013, options under Share Option Scheme to subscribe for an aggregate of 75,000,000 shares have been granted to a total of 15 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share (Note) HK\$	Outstanding at 1.4.2013	Granted during the period	Outstanding at 30.6.2013
Category 1:						
Directors						
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	5,000,000	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	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
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	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
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	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
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	500,000

	Date of grant	Exercisable period	Exercise price per share (Note) HK\$	Outstanding at 1.4.2013	Granted during the period	Outstanding at 30.6.2013
Category 2:						
Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	6,000,000	–	6,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	6,000,000	–	6,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,800,000	–	3,800,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	6,200,000	–	6,200,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	7,500,000	7,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	7,500,000	7,500,000
Total of all categories				<u>48,500,000</u>	<u>26,500,000</u>	<u>75,000,000</u>

Note:

The original exercise price in respect of the share options granted on 23 March 2010 and 13 August 2010 were HK\$0.216 and HK\$0.142 per share respectively. Adjustment of the exercise price of such share options has been made on 28 October 2011 to HK\$0.210 and HK\$0.138 per share respectively as a result of the rights issue by the Company in November 2011.

## COMPETING INTERESTS

None of the directors, the controlling shareholders or their respective 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, an 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 and the PRC. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong include a number of Chinese restaurants (namely Joy & Joy 喜相逢, Xia Mian Guan 夏麵館 and Kowloon Tang 九龍廳), western restaurants (namely The Peak Lookout, The Peak Lookout Airport, Jimmy's Kitchen, Steak World Meats, El Pomposo, Agave, Club 97, La Dolce Vita 97 and iL Posto 97), Japanese restaurants (Rei 礼 and Naha 那霸沖繩料理). The information 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).

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which include Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand Xia Fei 霞飛, wellness café concept under the names of Quick & Fresh and getgo fresh, 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 concept of Taiwanese beef noodles under the brand name of Xiao Wang Beef Noodle 小王牛肉麵 and the Japanese ramen under the name of Mutsumiya 睦美屋), 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 period ended 30 June 2013, the audit committee had held one meeting and had reviewed the draft quarterly report and accounts for the period ended 30 June 2013 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the period ended 30 June 2013, 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 period ended 30 June 2013, 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, 12 August 2013

*As at the date of this report, 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.*