



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 2012**

## **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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 2012**

Consolidated turnover from both continuing and discontinued operations was HK\$34.9 million for the period under review, representing an increase of 9% compared with HK\$31.6 million recorded in the corresponding period last year.

Turnover from food and beverage business was HK\$33.4 million (2011: HK\$15.3 million) representing an increase of 118% compared with the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$7.9 million from HK\$4.8 million compared with the corresponding period last year. It was mainly attributable to the loss from discontinued operations amounted to HK\$4.8 million.

During the period, a sale and purchase agreement had been entered into between an indirect wholly-owned subsidiary of the Company and a vendor to acquire 100% equity interest in a food and beverage group which holds franchise rights of well-established Japanese restaurants, café and cake shops chain outlets in Hong Kong, as well as recently assigned franchise rights in Guangdong Province, the People's Republic of China and Taiwan, at the total consideration of HK\$80 million.

## 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 2012, 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 2012

		For the three months ended 30 June	
	Note	2012 HK\$'000	2011 HK\$'000
<b>Continuing operations</b>			
Turnover	2	33,411	15,276
Cost of sales		<u>(9,799)</u>	<u>(5,010)</u>
Gross profit		23,612	10,266
Other income		213	236
Operating expenses		<u>(26,213)</u>	<u>(7,889)</u>
Operating (loss)/profit		(2,388)	2,613
Finance costs		<u>(1,004)</u>	<u>(612)</u>
(Loss)/profit before income tax		(3,392)	2,001
Income tax credit/(expense)	3	<u>227</u>	<u>(368)</u>
(Loss)/profit for the period from continuing operations		(3,165)	1,633
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	4	<u>(4,752)</u>	<u>(6,333)</u>
<b>Loss for the period</b>		<b>(7,917)</b>	<b>(4,700)</b>
<b>Other comprehensive loss, net of tax</b>			
Exchange loss arising from translation of financial statements of foreign operations		<u>(52)</u>	<u>(192)</u>
<b>Total comprehensive loss for the period</b>		<b><u>(7,969)</u></b>	<b><u>(4,892)</u></b>

		<b>For the three months ended 30 June</b>	
		<b>2012</b>	2011
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Loss for the period attributable to:			
Owners of the Company		<b>(7,915)</b>	(4,772)
Non-controlling interests		<b>(2)</b>	72
		<u><b>(7,917)</b></u>	<u>(4,700)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		<b>(7,967)</b>	(4,964)
Non-controlling interests		<b>(2)</b>	72
		<u><b>(7,969)</b></u>	<u>(4,892)</u>
<b>(Loss)/earning per share</b>			
<i>(HK cents)</i>			
From continuing and discontinued operations	5		
– Basic		<u><b>(0.48)</b></u>	<u>(0.44)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>
From continuing operations			
– Basic		<u><b>(0.19)</b></u>	<u>0.14</u>
– Diluted		<u><b>N/A</b></u>	<u>0.13</u>
From discontinued operations			
– Basic		<u><b>(0.29)</b></u>	<u>(0.58)</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 2012

	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 2011 (Audited)	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	-	23,597
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	126	-	126	-	126
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,043	1,043
Release upon disposal of a subsidiary	-	82	-	-	(82)	-	-	-	-	-
Total comprehensive loss for the period	-	(4,772)	-	-	(192)	-	-	(4,964)	72	(4,892)
<b>At 30 June 2011 (Unaudited)</b>	<b>10,953</b>	<b>(77,632)</b>	<b>77,312</b>	<b>3,801</b>	<b>1,597</b>	<b>628</b>	<b>2,100</b>	<b>18,759</b>	<b>1,115</b>	<b>19,874</b>
At 1 April 2012 (Audited)	16,430	(88,965)	103,610	3,801	1,173	886	2,100	39,037	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)
<b>At 30 June 2012 (Unaudited)</b>	<b>16,430</b>	<b>(96,878)</b>	<b>103,610</b>	<b>3,801</b>	<b>(90)</b>	<b>1,022</b>	<b>2,100</b>	<b>29,995</b>	<b>1,156</b>	<b>31,151</b>

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 2012.

## 2. TURNOVER

Turnover, from both continuing and discontinued operations, represents revenue recognised in respect of provision of food and beverage service, the provision of information solutions and design, development and sale of application software packages, 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	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Provision of food and beverage services	33,411	15,276	-	-	33,411	15,276
Provision of information solutions						
- System development and integration	-	-	-	3,977	-	3,977
- Maintenance and enhancement income	-	-	-	297	-	297
Sales of application software packages and related maintenance income	-	-	1,483	12,062	1,483	12,062
	<b>33,411</b>	15,276	<b>1,483</b>	16,336	<b>34,894</b>	31,612

### 3. INCOME TAX

Taxation in the profit or loss represents:

	For the three months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax	(738)	473
Deferred tax	511	(105)
	<u>(227)</u>	<u>368</u>
Discontinued operations		
Current tax	39	(272)
Deferred tax	120	(309)
	<u>159</u>	<u>(581)</u>
Income tax credit	<u>(68)</u>	<u>(213)</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 (2011: 16.5% and 25% respectively).

### 4. DISCONTINUED OPERATIONS

The shareholders of the Company passed an ordinary resolution at an extraordinary general meeting on 18 April 2012 to discontinue all the business of the provision of information solutions and design, development and sale of application software packages.



Loss for the period for the provision of information solutions and design, development and sale of application software packages was as follows:

	<b>For the three months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Turnover	<b>1,483</b>	16,336
Cost of sales and services rendered	<b>(636)</b>	(7,554)
Gross profit	<b>847</b>	8,782
Other income	-	75
Loss on disposal of subsidiaries – <i>Note 6</i>	<b>(3,839)</b>	(5,332)
Operating expenses	<b>(1,600)</b>	(10,425)
Operating loss	<b>(4,592)</b>	(6,900)
Finance costs	<b>(1)</b>	(14)
Loss before income tax	<b>(4,593)</b>	(6,914)
Income tax credit/(expense)	<b>(159)</b>	581
Loss for the period	<b>(4,752)</b>	(6,333)

## 5. (LOSS)/EARNING PER SHARE

### (a) Basis (loss)/earnings per share

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

	<b>2012</b>		2011	
	<b>Loss</b>	<b>Number of</b>	(Loss)/profit	Number of
	<b>attributable</b>	<b>ordinary</b>	attributable	ordinary
	<b>to owners</b>	<b>shares</b>	to owners	shares
	<b>HK\$'000</b>		HK\$'000	
Continuing operations	<b>(3,163)</b>	<b>1,642,950,000</b>	1,561	1,095,300,000
Discontinued operations	<b>(4,752)</b>	<b>1,642,950,000</b>	(6,333)	1,095,300,000
	<b>(7,915)</b>	<b>1,642,950,000</b>	(4,772)	1,095,300,000

**(b) Diluted earnings per share**

Except for the diluted earnings per share in relation to the continuing operations for the period ended 30 June 2011 is disclosed, no diluted loss per share has been disclosed as no dilutive potential equity shares in existence. The calculation of the diluted earnings per share from the continuing operations for the period ended 30 June 2011 is based on the following data:-

	2011	Weighted average number of ordinary shares
	Profit attributable to owners <i>HK\$'000</i>	
Profit from the continuing operations used in the basic earning per share	1,561	
Interests on convertible bonds	<u>591</u>	
Profit from the continuing operations used in the dilute earnings per share	<u><u>2,152</u></u>	1,695,300,000
		2011 Weighted average number of ordinary shares
Weighted average number of shares for basic earnings per share		1,095,300,000
Effect of dilutive potential ordinary shares:- Convertible bonds		<u>600,000,000</u>
Weighted average number of shares for diluted earnings per share		<u><u>1,695,300,000</u></u>

No dilutive effect of potential ordinary shares in respect of the share options because the exercise prices of Company's share options were higher than the average market price of the share for the period ended 30 June 2011.

## 6. DISPOSAL OF SUBSIDIARIES

During the period, the Group had disposed of the entire equity interests in Armitage Technologies Holding (BVI) Limited and its subsidiaries in order to discontinue all the businesses of the provision of information solutions and design, development and sale of application software packages. The net assets of the above subsidiaries being disposed of were as follows:-

	<b>2012</b> <b>(unaudited)</b> <b>HK\$'000</b>	2011 (unaudited) HK\$'000
Net assets disposed of:-		
Plant and equipment	<b>2,150</b>	1,068
Trademark	-	77
Deferred tax assets	<b>335</b>	2,005
Club debenture	-	200
Other financial assets	-	763
Debtors, deposits and prepayments	<b>4,993</b>	6,857
Amount due from a fellow subsidiary	-	5,750
Cash and bank balances	<b>5,965</b>	920
Obligations under finance lease	-	(379)
Amount due to a fellow subsidiary	-	(5,750)
Creditors, accruals and deposit received	<b>(6,793)</b>	(3,236)
Income tax payable	-	(36)
	<hr/>	<hr/>
Net assets disposed of	<b>6,650</b>	8,239
Release of exchange reserve	<b>(1,211)</b>	(82)
	<hr/>	<hr/>
	<b>5,439</b>	8,157
Loss on disposal of subsidiaries	<b>(3,839)</b>	(5,332)
	<hr/>	<hr/>
Total consideration	<b>1,600</b>	2,825
	<hr/> <hr/>	<hr/> <hr/>
Total consideration satisfied by:-		
Cash consideration	<b>1,600</b>	2,825
	<hr/> <hr/>	<hr/> <hr/>

## **INTERIM DIVIDEND**

The Board does not recommend payment of interim dividend in respect of the period ended 30 June 2012 (2011: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group's unaudited turnover, from both continuing and discontinued operations, for the three months period ended 30 June 2012 amounted to HK\$34.9 million (2011: HK\$31.6 million), representing an increase of 9% compared with the same period of the last financial year. The Group's unaudited turnover from continuing operations for the three months ended 30 June 2012 amounted to HK\$33.4 million (2011: HK\$15.3 million), representing an increase of 118%. Net loss attributable to owners of the Company increased from HK\$4.8 million, to HK\$7.9 million.

### **Industry Review**

During this fiscal quarter, threat of the debt crisis in the Euro-zone and sluggish economic growth in US clouded the outlook for the consumption sector in Hong Kong. Over the quarter, we observed an overall slowing down of the growing pace in the retail sector, though it still demonstrated a relatively resistant performance against global uncertainties comparing to other business sectors in the region.

The retailers in Hong Kong have been facing double challenges, the increasing difficulty in securing prime locations and rising operating costs. Encouraged by the continued strong spending from mainland visitors, retailers with tourist-driven activities continue to seek a greater presence in key tourist districts. The most competitive retailer, for example, the cosmetics, luxury brands and jewelry sectors, has been able to acquire premier shop locations at extravagant rate, which exerts pressure on other market players in the consumption sector. Our Group, therefore, has been responding actively by exploring sites in newly established shopping malls, large-scale residential districts and shopping centers at transportation hubs etc. where customer flow is stable and yet, rents are still at reasonable rates. Another pressure encountered by the food and beverage ("F&B") industry is the soaring operating costs, especially in raw materials, labour and overheads. Therefore, the Group has adopted a more stringent cost management system to maintain its competitiveness with an aim to sustain a reasonable profit margin.

## **Business Overview**

During this fiscal quarter, total revenue of HK\$33.4 million was generated from in the F&B segment, comparing with the revenue of HK\$15.3 million generated from F&B segment during the same fiscal quarter of 2011, a growth of 118% had been achieved. Such a remarkable growth was mainly attributable to the enriched brand portfolio and substantial increase in shop presence in the region.

During the review period, the Group ventured into a new business segment, namely the management and operation of Japanese curry specialty chain restaurants. The Board is pleased to report that the results of this new business segment are encouraging. As expected, the Japanese dining concept had been well received by the community. As the brand concept is still at its infant stage, more efforts has been devoted in marketing and advertisement, research and development, and optimising of operation flow.

To achieve our ultimate goal as a market leader in the F&B sector in the region, our management has always been active in identifying new brand concepts to enrich our portfolio. In June 2012, a sale and purchase agreement had been entered into between an indirect wholly-owned subsidiary of the Company and a vendor to acquire 100% interest in a F&B group which holds franchise rights of well established Japanese restaurants, café and cake shops chain outlets in Hong Kong, as well as recently assigned franchise rights in Guangdong Province, the PRC and Taiwan. It is anticipated that the acquisition will not only strengthen the financial position of the Group immediately after completion, but will also introduce new business opportunities to the Group through the realisation of the business plan under the franchises in these three areas.

The difficult macroeconomic environment and the rising rent rate had hindered the pace of the business development schedule under the Japanese tonkatsu franchise. During the period under review, we had put more focus on areas in brand building, quality enhancement and costs control to strengthen our competitiveness. As the management had resolved to materialise the business plan cautiously, in each of Hong Kong and the PRC, only one location had been confirmed during the period.

Meanwhile, performance of the wellness concept café was modest. As the business segment contributed a relatively small portion of the Group's revenue, the impact of which on the Group's overall result was immaterial. Nevertheless, the management has been striving for improvement through refining and reshaping the brand concept. Therefore, more efforts have been devoted on product development and fine-tuning the existing menu to attract customer flow.

The sales of the Shanghainese dining group were in the uprising trend. We had received positive comments on the two latest outlets opened in Central and Stanley, which affirmed that the Group's decision to acquire this dining concept was a right decision, thus prompting the management to speed up the network expansion.

## **Future Prospects**

In the mixed economic outlook and in light of the persistent cost inflation pressures and the competitive leasing landscape, the business operations in Hong Kong will be challenging. However, we expect that the rising tourist arrivals will continue to lend some support to the F&B sector. In mainland China, as fueled by its ever-growing economy, the F&B segment will be robust. Our management will, on the one hand, promote our brand recognition, optimise our production and operational efficiencies of the current establishments, and expand our shop network to seize the market share; while on the other hand, continue to explore new business opportunities by acquiring local and overseas F&B brand names to enrich and diversify our portfolio.

In the coming quarters, we will focus on the initiation of the operation under the franchises rights of the Japanese restaurant, cake shop and café concept in Guangdong Province, the PRC and Taiwan, as well as expanding the coverage of the existing brands in Hong Kong.

For the two lately acquired licence rights of Taiwanese beef noodles and Japanese ramen, the preparation of the business initiation is underway. We are in the process of conducting the market research and positioning strategies. We expect that the first outlet under each of the brands will commence operation before the end of this financial year. Moreover, another new business initiative specializing in casual Japanese dining will be opened in Tsim Sha Tsui in the second fiscal quarter to test the market receptivity.

As of the date of this report, the recently identified location for Japanese tonkatsu outlet in Shanghai was at the stage of finalizing the floor plan design and the construction work would be commenced very soon. We expect that the outlet will be ready for business in the coming quarters.

Riding on the success of our first Japanese curry specialty shop, we will speed up the network expansion plan under this dining concept. Two additional outlet locations have been identified and hopefully, one will be opened for business in the second fiscal quarter. During the course of network expansion, the management will also review the marketing strategy to adapt different consumer expectations in different regions in order to optimize the income.

Apart from the above, a new outlet will be opened for business in the second fiscal quarter at a prime shopping center in Hong Kong Island to showcase the wellness café concept under our self-developed brand name. Hopefully, this new outlet will help to promote the brand recognition and invigorate sales in other outlets.

To further reinforce the business segment under the Shanghainese dining concept in the region, a location has been confirmed for a new outlet as of the date of this report. We believe that as the reputation builds up gradually, this business segment will be able to contribute a greater portion to the income of the Group.

Apart from the abovementioned, the business plan of establishing our scalable chain outlets in the PRC will be another top agenda of the Group. Leverage on the experiences gained from our Japanese tonkatsu outlet in Shanghai, we will refine our business model and replicate to other brands in our portfolio.

Looking ahead, we remain optimistic and confident about our prospect. We believe that our high caliber management team and in-depth operational experience would lead us a more promising growth in the future.

## **FINANCIAL REVIEW**

For the three months ended 30 June 2012, the Group recorded a total turnover of HK\$34.9 million (2011: HK\$31.6 million), the turnover increased by 9% compared with the corresponding period last year.

Turnover generated from food and beverage business was HK\$33.4 million (2011: HK\$15.3 million), representing an increase of 118% compared with the corresponding period last year. Revenue generated from the discontinued operations, information technology business, was HK\$1.5 million (2011: HK\$16.3 million), representing a decrease of 91% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$7.9 million (2011: HK\$4.8 million).

The gross profit margin of the Group was 71% (2011: 67%). The increase of gross profit margin was due to the introduction of new brand concepts which could have relatively higher gross profit margins compared with corresponding period last year.

Total operating expenses increased by 232% to HK\$26.2 million (2011: HK\$7.9 million). Such increase was attributable to the increase in staff and overheads costs as resulted from the more shops under different brand concepts have been opened after the first fiscal quarter of last year.

The loss from discontinued operations in relation to the disposed of information technology amounted to HK\$4.8 million.

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

During the three months ended 30 June 2012, 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 2012, 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 2)</i>
Mr. Tang Sing Ming Sherman ("Mr. Tang")	Corporate	1,073,810,083 <i>(Note 1)</i>	65.36%
Mr. Lee Shun Hon, Felix	Personal	3,100,000	0.19%

*Notes:*

1. These shares are held by First Glory Holdings Limited ("First Glory") which is wholly and beneficially owned by Mr. Tang. First Glory also holds convertible bonds ("Existing Convertible Bonds") issued by the Company in the aggregate principal amount of HK\$39 million pursuant to which a total of 650,000,000 shares of the Company will be issued upon full conversion at the adjusted conversion price of HK\$0.060 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the SFO, in the said 1,073,810,083 shares and the Existing Convertible Bonds which First Glory is interested in.
2. Based on 1,642,950,000 shares of the Company in issue as at 30 June 2012.



**(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 2)</i>
Mr. Tang	Corporate	650,000,000 <i>(Note 1)</i>	39.56%
		1,000,000,000 <i>(Note 4)</i>	60.87%

Outstanding options granted to the Directors under the share option scheme adopted on 26 February 2003 (“Share Option Scheme”):

<b>Name</b>	<b>Date of grant</b>	<b>Exercise price per share</b> <i>(Note 3)</i> <i>HK\$</i>	<b>Exercisable period</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 2)</i>	<b>Number of share options outstanding</b>
Mr. Tang	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.30%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.30%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.30%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
					19,500,000

*Notes:*

1. The said 650,000,000 shares represent the total number of shares which will be issued upon full conversion of the Existing Convertible Bonds held by First Glory in the aggregate principal amount of HK\$39 million at the adjusted conversion price of HK\$0.060 per share. According to the terms of the Existing Convertible Bonds, conversion of the Existing Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the SFO, in the Existing Convertible Bonds held by First Glory.
2. Based on 1,642,950,000 shares of the Company in issue as at 30 June 2012.
3. 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 on November 2011.
4. Pursuant to the terms of a sale and purchase agreement dated 25 June 2012 ("Sale and Purchase Agreement") entered into between Strong Venture Limited ("Strong Venture") and Theola Limited, an indirect wholly owned subsidiary of the Company, Theola Limited will procure the Company to enter into a subscription agreement ("Subscription Agreement") to issue convertible bond(s) in the aggregate principal amount of HK\$80 million ("Proposed Convertible Bond") to Strong Venture Limited or its nominee(s) upon completion. The said 1,000,000,000 shares represent the total number of shares which will be issued upon full conversion of the Proposed Convertible Bond in the aggregate principal amount of HK\$80 million at the initial conversion price of HK\$0.08 per share. According to the terms of the Proposed Convertible Bond, conversion of the Proposed Convertible Bond is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Strong Venture is wholly and beneficially owned by Mr. Tang. Therefore, Mr. Tang is deemed to be interested, within the meaning of Part XV of the SFO, in the Proposed Convertible Bond to be issued to Strong Venture or its nominee(s) pursuant to the Sale and Purchase Agreement and the Subscription Agreement.

**(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 shares</b>	<b>Approximate percentage of attributable interest in corporation</b>
Mr. Tang	First Glory	Beneficial owner	1	100%

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

<b>Name</b>	<b>Type of interests</b>	<b>Amount of Debentures</b>
Mr. Tang	Corporate	HK\$39 million ( <i>Note 1</i> ) HK\$80 million ( <i>Note 2</i> )

*Notes:*

1. The said HK\$39 million represents the aggregate outstanding principal amount of the Existing Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. A total of 650,000,000 shares will be issued upon full conversion of the Existing Convertible Bonds at the adjusted conversion price of HK\$0.060 per share.
2. Pursuant to the terms of the Sale and Purchase Agreement and the Subscription Agreement, the Company will issue the Proposed Convertible Bond to Strong Venture or its nominee(s) upon completion. The said HK\$80 million represents the principal amount of the Proposed Convertible Bond which will be issued to Strong Venture or its nominee(s) upon completion. Strong Venture is wholly and beneficially owned by Mr. Tang.

Save as disclosed herein, as at 30 June 2012, 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 2012, 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.

### SHARE OPTIONS

As at 30 June 2012, options under Share Option Scheme to subscribe for an aggregate of 48,500,000 shares have been granted to a total of 12 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share (Note) HK\$	Outstanding at 1.4.2012 and 30.6.2012
Category 1:				
Directors				
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Category 2:				
Employees				
	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	6,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	6,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,800,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	6,200,000
Total of all categories				48,500,000

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 喜双逢, Xia Mian Guan 夏麵館 and Yu Joy 漁喜小菜皇), Western restaurants (namely The Peak Lookout, 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) and cake/café restaurants (Italian Tomato). Mr. Tang and his associates currently operate one restaurant in the PRC, namely Jimmy's Kitchen Shanghai. 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 are under the name of Tonkatsu Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand name Xia Fei 霞飛 and a wellness café concept under the name of Quick & Fresh, and other restaurants including the Japanese curry specialty shop Shirokuma Curry 白熊咖喱), 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.

## **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 three months ended 30 June 2012, 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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the three months ended 30 June 2012, 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 have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions throughout the three months ended 30 June 2012.

## **AUDIT COMMITTEE**

The Company has established an audit committee ("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 three months ended 30 June 2012, the Audit Committee has held one meeting and has reviewed the draft quarterly report and accounts for the three months ended 30 June 2012 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board  
**Tang Sing Ming Sherman**  
*Chairman*

Hong Kong, 13 August 2012

*As at the date of this report, the executive directors of the Company are Mr. Tang Sing Ming Sherman and Mr. Lee Shun Hon, Felix; the independent non-executive directors of the Company are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.*