



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)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2014**

**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.*

## **FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 30 JUNE 2014**

Consolidated turnover was HK\$120.8 million for the period under review, representing an increase of 30% compared with HK\$92.7 million recorded from continuing operations in the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$8.3 million from HK\$2.3 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 2014, together with the comparative unaudited consolidated figures for the corresponding period last year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2014

		For the three months ended 30 June	
	Note	2014 HK\$'000	2013 HK\$'000
<b>Continuing operations</b>			
Turnover	2	120,801	92,730
Cost of sales		<u>(37,955)</u>	<u>(29,492)</u>
Gross profit		82,846	63,238
Other income		348	546
Operating expenses		<u>(89,497)</u>	<u>(64,221)</u>
Operating loss		(6,303)	(437)
Finance costs		<u>(1,930)</u>	<u>(1,587)</u>
Loss before income tax		(8,233)	(2,024)
Income tax expense	3	<u>(354)</u>	<u>(279)</u>
<b>Loss for the period</b>		<u><b>(8,587)</b></u>	<u><b>(2,303)</b></u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(8,345)	(2,314)
Non-controlling interests		<u>(242)</u>	<u>11</u>
		<u><b>(8,587)</b></u>	<u><b>(2,303)</b></u>
<b>Loss per share (HK cents)</b>			
– Basic	4	<u><b>(0.37)</b></u>	<u><b>(0.10)</b></u>
– Diluted		<u><b>N/A</b></u>	<u><b>N/A</b></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)***For the period ended 30 June 2014*

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Loss for the period</b>	<b><u>(8,587)</u></b>	<b><u>(2,303)</u></b>
<b>Other comprehensive loss for the period, net of tax:–</b>		
Items that may be subsequently reclassified to profit or loss:–		
Exchange loss arising from translation of financial statements of foreign operations	<u>(24)</u>	<u>(168)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(8,611)</u></b>	<b><u>(2,471)</u></b>
<b>Total comprehensive loss for the period attributable to:–</b>		
Owners of the Company	<b>(8,369)</b>	(2,482)
Non-controlling interests	<u>(242)</u>	<u>11</u>
	<b><u>(8,611)</u></b>	<b><u>(2,471)</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the year ended 30 June 2014

	Attributable to owners of the Company										
	Share capital <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Employee share-based compensation reserve <i>HK\$'000</i>	Convertible bonds equity reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.4.2013 (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
<b>Comprehensive loss</b>											
Loss for the period	-	(2,314)	-	-	-	-	-	-	(2,314)	11	(2,303)
Other comprehensive loss:-											
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(168)	-	-	-	(168)	-	(168)
Total comprehensive loss for the period	-	(2,314)	-	-	(168)	-	-	-	(2,482)	11	(2,471)
At 30.6.2013 (unaudited)	<u>22,430</u>	<u>(109,038)</u>	<u>135,200</u>	<u>3,801</u>	<u>(64)</u>	<u>1,447</u>	<u>2,521</u>	<u>-</u>	<u>56,297</u>	<u>1,391</u>	<u>57,688</u>
At 1.4.2014 (audited)	22,430	(134,287)	135,200	3,801	(187)	1,820	2,521	(75)	31,223	827	32,050
Acquisition of non-controlling interests	-	-	-	-	-	-	-	56	56	(56)	-
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	81	-	-	81	-	81
<b>Comprehensive loss</b>											
Loss for the period	-	(8,345)	-	-	-	-	-	-	(8,345)	(242)	(8,587)
Other comprehensive loss:-											
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(24)	-	-	-	(24)	-	(24)
Total comprehensive loss for the period	-	(8,345)	-	-	(24)	-	-	-	(8,369)	(242)	(8,611)
At 30.6.2014 (unaudited)	<u>22,430</u>	<u>(142,632)</u>	<u>135,200</u>	<u>3,801</u>	<u>(211)</u>	<u>1,901</u>	<u>2,521</u>	<u>(19)</u>	<u>22,991</u>	<u>529</u>	<u>23,520</u>

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 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 2014.

## 2. TURNOVER

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

	<b>For the three months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision of food and beverage services	<b>120,801</b>	92,730

## 3. INCOME TAX

Taxation in the profit or loss represents:

	<b>For the three months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax	<b>917</b>	(930)
Deferred tax	<b>(563)</b>	1,209
	<b>354</b>	279

- (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, 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 (2013: Hong Kong – 16.5%, PRC – 25%, Taiwan – 17% and Japan – N/A respectively).

#### **4. LOSS PER SHARE**

The calculation of basic loss per share for all periods presented is based on the Group’s loss attributable to equity holders of the Company and 2,242,950,000 ordinary shares in issue during all periods.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 June 2013 and 2014.

## **INTERIM DIVIDEND**

The Board does not recommend payment of interim dividend in respect of the period ended 30 June 2014 (2013: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group's unaudited turnover for the first quarter ended 30 June 2014 amounted to HK\$120.8 million (2013: HK\$92.7 million), representing an increase of 30% compared with the same period of the last financial year. Net loss attributable to owners of the Company increased by HK\$6.0 million, to HK\$8.3 million.

### **Industry Overview**

In 2014, Hong Kong economy kicked off a weak start due to softened local consumption which has been a key feature of Hong Kong's macroeconomic development over the past few years. We saw a general decline in the tendency to consume stemming from falling equity and house prices. Tourism, another important pillar of our economy, signals a slowdown. Tourist arrivals from mainland China decreased. At the same time, tourist expenditures, especially in luxury products and electrical goods declined due to measures introduced by the central government.

During the period, the Hong Kong retail sector has been beset by various challenges, including the economic downturn in the PRC, a frugality campaign imposed by the central government of China to control spending, the change in profile of mainland tourists from rich to lower-tier cities and a subdued residential property market in Hong Kong. The declining retail sales has exerted pressure on rents in the prime street level. Rents in shopping malls, where most of our stores located, however, do not show much adjustment. We have been facing fierce competition in securing suitable location at reasonable rents for our store network expansion.

Apart from rent, we continue to feel the imported inflation which has affected price of raw materials. Besides, we have to tackle difficulties in shrinking labour forces in the restaurant industry. All these have squeezed our profit margin. In response to these challenges, we have continued to refine crucial areas in our operations to stay in touch with the latest trends and demands in the market.

In the second half of the year, we foresee that the economy will continue to face internal and external headwinds. Hopefully, our broad and diverse brand portfolio will help us to get through the difficult economic times.

### **Business Review**

During the first quarter of fiscal 2014/2015, the Group has continued to apply multi-brand strategy to drive its business growth and achieve further market penetration in focused market segments. The Group's turnover registered a growth of 30%, from HK\$92.7 million in the previous year to HK\$120.8 million, which is mainly attributable to the enriched brand concepts, expanded store network and enhanced customer traffic. In terms of earnings, the performance is not satisfactory. Net loss amounted to HK\$8.3 million as this period is a traditional low-season for the food and beverage ("F&B") sector. The loss was due to various reasons, including a large amount of pre-opening expenses incurred when we tapped into new markets and sales of some stores in new geographies have yet to catch up.



During the period, the restaurants, café and cake shops posted a healthy revenue growth. As the concept has already been a renowned brand in Hong Kong, our strategy is to reinforce our market positioning in Hong Kong while seeking for business expansion in the Greater China region. We always focus on disciplined execution and robust innovation which we believe are keys to success. We continued to refine the recipe of our classic products and at the same time, regularly refresh the menu with new dishes to impress our customers. One of our delicious seasonal specials, “Sakura Sweet Fair”, once again, have received strong customer response and lift sales. Connections with customers have always been core to the brand. These connections have become stronger by leveraging a combination of social and digital media and our online membership system, “Tomato Club Member Zone”, providing a quick and mobile platform for our customers to access to the latest news in our stores. We will continue to innovate on this front in order to foster the relationships with customers. Beyond Hong Kong, the performance of this concept in Mainland China and Taiwan region has met our expectation. As our business in these regions is at seeding stage, capital has been expended to increase store footing and strengthen the production facilities. All these involve a significant amount of investment which has impacted the profitability of the business segment. However, we believe that the investment is critical to backbone the future business growth in this business division.

The Japanese tonkatsu brand continues to contribute to the Group with steady income. As the oldest concept in our portfolio, two Hong Kong stores have their tenancy agreements expired soon after the reporting period. The close of two stores will definitely affect our revenue in the short term, but we believe the impact will be temporary. In Shanghai, the revenue of the IFC store remained strong. The performance of the two lately introduced stores, however, was not up to our expectation mainly due to insufficient flow of customer traffic in the region they located. We expect that the sales will gradually increase along with the completion of office and residence buildings nearby.

About a year ago, our first store of Taiwanese beef noodle debuted. In such a short period of time, this brand not only generated revenue to the Group, but also gained acclaims in the community. We are thrilled and honored to be rated as a recommended restaurant in the best-known international food guide in 2014. While we are proud of our achievements, we have learned never to take our success for granted, which is why we committed to use fresh ingredients and materials to maintain a high level of quality in our food products despite under the pressure of rising food costs. Upcoming, we will speed up the pace of shop opening under this concept in Hong Kong and other markets where the Group has presence.

In late 2013, our izakaya concept store unveiled by opening a store in each of Hong Kong and Shanghai. Our store has been warmly accepted by the customers in Hong Kong. Since izakaya is an emerging dining concept in Mainland China, it takes time for our Shanghai customers to accept the new dining trend. We have made changes in our menu to reflect regional customs and cultures so we will be locally relevant. We will closely monitor the development of this concept and adjust our strategy to maximize our return.

Another business that we prepared to embark into is brand licensing and management. Receiving numerous enquiries for licensing our concepts in the PRC, we are finalizing our license system to recruit local business partners. We will first test our licensing system with the Japanese curry specialty concept. We are particularly excited about this new business perspective, which we believe will bring us to a new avenue of growth by directing a more stable income and cash flow into the Group.

Apart from the above, other concepts in our portfolio, for example, the Shanghainese dining, Japanese curry and Japanese ramen continued to deliver the Group with a steady flow of revenue. During the period, we have made changes to our menu design, and tried to minimize cost pressure by making use of our catering services and food processing company. We are in the course of upgrading the production infrastructure in our food factory to explore new solutions to relieve the rising pressure on production costs.

## **Future Prospects**

We step into fiscal 2014/2015 with a slowing down of economic growth in our home base and a cloudy global outlook. Another tough year for the F&B sector is expected amid shrinking inbound tourist spending coupled with lower consumer sentiment. In operation front, we will continue to observe rising in major operating expenses. A stringent control on operating cost and optimizing our efficiency are crucial to the success of the Group. Our new ERP system will be put into testing stage shortly and hopefully, be implemented in our branch offices and store networks in all the markets and channels we operate.

Upcoming, we will adhere to our multi-brand strategy to shape a more sustainable, diversified and multi-channel corporation. We will continue to maintain a healthy financial position to identify and act on opportunities to enhance value, while striving for balance between allocating our resources for the development of existing business and strategic acquisitions.

In Hong Kong, we will reinforce our operation in this market by disciplined execution of existing stores and cautiously securing locations for network expansion. As the F&B industry in Hong Kong is a mature and sophisticated market, innovation is always the key for business sustainability. We will carefully refine our menu with new ideas and refreshing food items. Knowing that PRC is another important market to drive our growth in the future, we will focus on enhancing our operational foundation in Shanghai and gradually expand to other cities in China.

Finally, the management would like to take this opportunity to extend its sincerest thanks to every member in the Group for their diligent work and dedication during the period, which has underpinned the Group's growth over the past years.

## **FINANCIAL REVIEW**

### **Consolidated results of operations**

For the three months ended 30 June 2014, the Group recorded turnover from continuing operations of HK\$120.8 million (2013: HK\$92.7 million), the turnover increased by 30% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$8.3 million (2013: HK\$2.3 million).

The gross profit margin of the Group was 69% (2013: 68%).

Total operating expenses increased by 39% to HK\$89.5 million (2013: HK\$64.2 million) due to the fact that the Group operated more stores compared with corresponding period last year and pre-operating expenses was incurred for tapping into new markets during the period.

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

During the three months ended 30 June 2014, 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 2014, 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 Sing Ming Sherman ("Mr. Tang") (Note 2)	Beneficiary of a trust	1,673,810,083 (Note 1)	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 2014.

**(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 (Note 3)</b>
Mr. Tang (Note 2)	Interest in corporation	1,000,000,000 (Note 1)	44.58%

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

<b>Name</b>	<b>Date of grant</b>	<b>Exercise price per share HK\$</b>	<b>Exercisable period</b>	<b>Approximate percentage of the issued share capital (Note 3)</b>	<b>Number of share options outstanding</b>
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:

1. 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 2014.

**(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 ( <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**

<b>Name</b>	<b>Type of interests</b>	<b>Amount of Debentures</b>
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 by the Company in the principal sum 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.
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 2014, 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 2014, 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:*

1. 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 by the Company in the principal amount of HK\$80 millions 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 2014.

## SHARE OPTIONS

As at 30 June 2014, options under Share Option Schemes to subscribe for an aggregate of 69,500,000 shares have been granted to a total of 13 directors and employees of the Group, details as follows:

	<b>Date of grant</b>	<b>Exercisable period</b>	<b>Exercise price per share HK\$</b>	<b>Outstanding at 1.4.2014 and 30.6.2014</b>
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
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	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
	19.4.2013	19.4.2014 – 18.4.2023	0.090	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
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000

	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1.4.2014 and 30.6.2014
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
	19.4.2013	19.4.2014 – 18.4.2023	0.090	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	5,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,400,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	4,500,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,600,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	6,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	6,500,000
Total of all categories				<u>69,500,000</u>

## 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 and the PRC include a number of Chinese restaurants (namely Joy & Joy 喜双逢, Xia Mian Guan 夏麵館, Kowloon Tang 九龍廳 and Tim's Kitchen Elements 圓方桃花源), western restaurants (namely The Peak Lookout, The Peak Lookout Airport, Jimmy's Kitchen, Steik World Meats, Agave, Club 97, iL Posto 97 and El Pomposo Shanghai), 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 白熊咖喱, the concept of Taiwanese beef noodles under the brand name of Xiao Wang Beef Noodle 小王牛肉麵, the Japanese ramen under the name of Mutsumiya 睦美屋 and the Japanese izakaya under the name of Enmaru 炎丸), 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 2014, the audit committee had held one meeting and had reviewed the draft quarterly report and accounts for the period ended 30 June 2014 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the period ended 30 June 2014, 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 2014, 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, 8 August 2014

*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.*