



e p i c u r e a n | 惟膳
Epicurean and Company, Limited
惟膳有限公司

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

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

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

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

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

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This announcement, for which the directors (the “Directors”) of Epicurean and Company, Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

RESULTS

The board of directors (the “Board”) of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 March 2015, together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Turnover	2	505,991	414,613
Cost of sales and services rendered		<u>(159,999)</u>	<u>(135,411)</u>
Gross profit		345,992	279,202
Other income	3	1,851	2,522
Impairment loss on plant and equipment		(2,185)	(1,670)
Operating expenses		<u>(372,840)</u>	<u>(301,206)</u>
Operating loss		(27,182)	(21,152)
Finance costs	4(a)	<u>(7,709)</u>	<u>(6,749)</u>
Loss before income tax	4	(34,891)	(27,901)
Income tax expense	5	<u>(2,021)</u>	<u>(289)</u>
Loss for the year		<u>(36,912)</u>	<u>(28,190)</u>
Loss for the year attributable to:			
Owners of the Company		(36,643)	(27,712)
Non-controlling interests		<u>(269)</u>	<u>(478)</u>
		<u>(36,912)</u>	<u>(28,190)</u>
Loss per share (HK cents)	6		
– Basic		<u>(1.63)</u>	<u>(1.24)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year	<u>(36,912)</u>	<u>(28,190)</u>
Other comprehensive income/(loss):–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain/(loss) arising from translation of financial statements of foreign operations	<u>279</u>	<u>(291)</u>
Total comprehensive loss for the year	<u>(36,633)</u>	<u>(28,481)</u>
Total comprehensive loss for the year attributable to:–		
Owners of the Company	(36,364)	(28,003)
Non-controlling interests	<u>(269)</u>	<u>(478)</u>
	<u>(36,633)</u>	<u>(28,481)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Plant and equipment		56,761	62,220
Goodwill on consolidation		60,031	60,031
Other intangible assets		26,468	27,446
Deferred tax assets		11,235	9,092
		<hr/>	<hr/>
		154,495	158,789
CURRENT ASSETS			
Inventories		6,434	5,281
Debtors, deposits and prepayments	7	51,847	49,586
Income tax recoverable		120	467
Pledged bank deposit		–	614
Cash and bank balances	9	49,628	27,233
		<hr/>	<hr/>
		108,029	83,181
CURRENT LIABILITIES			
Convertible bonds		79,625	–
Loan from a director		81,700	44,500
Obligations under finance lease		698	741
Bank loans, secured		26,293	19,788
Creditors, accruals and deposits received	8	69,500	56,996
Income tax payable		2,840	718
		<hr/>	<hr/>
		260,656	122,743

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
NET CURRENT LIABILITIES		<u>(152,627)</u>	<u>(39,562)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,868</u>	<u>119,227</u>
NON-CURRENT LIABILITIES			
Convertible bonds		–	78,682
Deferred tax liabilities		2,788	3,144
Other payables	8	3,502	4,653
Obligations under finance lease		<u>–</u>	<u>698</u>
		<u>6,290</u>	<u>87,177</u>
NET (LIABILITIES)/ASSETS		<u>(4,422)</u>	<u>32,050</u>
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		22,430	22,430
Reserves		<u>(27,508)</u>	<u>8,793</u>
		(5,078)	31,223
Non-controlling interests		<u>656</u>	<u>827</u>
TOTAL EQUITY		<u>(4,422)</u>	<u>32,050</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

Attributable to owners of the Company

	Share capital HK\$'000	Accumulated losses HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1.4.2013	22,430	(106,724)	135,200	3,801	104	1,289	2,521	-	58,621	1,380	60,001
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(75)	(75)	(75)	(150)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	680	-	-	680	-	680
Share options lapsed	-	149	-	-	-	(149)	-	-	-	-	-
Comprehensive loss											
Loss for the year	-	(27,712)	-	-	-	-	-	-	(27,712)	(478)	(28,190)
Other comprehensive loss:- Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(291)	-	-	-	(291)	-	(291)
Total comprehensive loss for the year	-	(27,712)	-	-	(291)	-	-	-	(28,003)	(478)	(28,481)
At 31.3.2014 and 1.4.2014	22,430	(134,287)	135,200	3,801	(187)	1,820	2,521	(75)	31,223	827	32,050
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(183)	(183)	98	(85)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	246	-	-	246	-	246
Share option lapsed	-	46	-	-	-	(46)	-	-	-	-	-
Comprehensive loss											
Loss for the year	-	(36,643)	-	-	-	-	-	-	(36,643)	(269)	(36,912)
Other comprehensive income:- Exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	279	-	-	-	279	-	279
Total comprehensive loss for the year	-	(36,643)	-	-	279	-	-	-	(36,364)	(269)	(36,633)
At 31.3.2015	<u>22,430</u>	<u>(170,884)</u>	<u>135,200</u>	<u>3,801</u>	<u>92</u>	<u>2,020</u>	<u>2,521</u>	<u>(258)</u>	<u>(5,078)</u>	<u>656</u>	<u>(4,422)</u>

Notes:

1. BASIS OF PREPARATION

Statement of compliance

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

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

(b) *Initial application of HKFRSs*

In the current year, the Group initially applied the following new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2014:–

HK(IFRIC) – Int 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investments Entities
Annual improvements (2010 – 2012)	Amendments to HKAS 2 and HKFRS 3

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

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

The following Hong Kong Financial Reporting Standards in issue at 31 March 2015 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2014:–

HKFRS 9 (2014)	Financial instruments ¹
HKFRS 14	Regulatory Deferral Amounts ³
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ³
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ³
Amendments to HKAS 1	Disclosure initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ³
Amendments to HKAS 19	Defined benefit plans: Employee contributions ⁴
Amendments to HKAS 27	Equity method in separate financial statements ³
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ³

¹ *Effective for annual periods beginning on or after 1 April 2018.*

² *Effective for annual periods beginning on or after 1 April 2017.*

³ *Effective for annual periods beginning on or after 1 April 2016.*

⁴ *Effective for annual periods beginning on or after 1 April 2015.*

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

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on going concern basis notwithstanding that the Group incurred a loss of HK\$36,912,000 for the year ended 31 March 2015 and as of that date, the Group had net current liabilities and net liabilities of HK\$152,627,000 and HK\$4,422,000 respectively as the Directors considered that:–

- (1) Mr. Tang Sing Ming Sherman (“Mr. Tang”), who, as at 31 March 2015, provided a loan to the Group of HK\$81,700,000 and is the sole beneficial owner of Strong Venture Limited (“Strong Venture”) which held all the convertible bonds issued by the Company in the aggregate principal amount of HK\$80,000,000, will provide continuing financial support to the Group. Mr. Tang is the executive director of the Company and one of the beneficiaries of a family trust which holds 74.63% interest in the Company; and
- (2) The Group had unutilized banking facilities of HK\$18,707,000 as at 31 March 2015. Given the Group maintained strong business relationship with its bankers and based on the past experiences, the Directors considered that the Group is able to renew when the facilities expire.

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

2. TURNOVER

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

	2015 HK\$'000	2014 <i>HK\$'000</i>
Provision of food and beverage services and others	505,991	414,613

3. OTHER INCOME

	2015 HK\$'000	2014 <i>HK\$'000</i>
Interest income from other financial assets	–	439
Interest income	3	7
Service fee income	1,410	1,208
Franchise income	51	–
Miscellaneous items	387	868
	1,851	2,522

4. LOSS BEFORE INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
(a) Finance costs:		
Interest expenses on secured bank loans, repayable within five years	726	689
Interest expense on convertible bonds	1,600	1,600
Imputed interest expense on convertible bonds	943	913
Finance charge on obligations under finance lease	37	4
Other bank charges	4,403	3,543
	<u>7,709</u>	<u>6,749</u>
(b) Other items:		
Amortization of other intangible assets	1,476	984
Bad debts written off	–	160
Depreciation	35,025	24,810
Auditor's remuneration	1,294	1,195
Exchange loss	798	352
Operating lease rentals for properties	103,551	82,172
Directors' remuneration	602	794
Other staff salaries and benefits	145,727	119,838
Retirement scheme contributions	6,600	4,545
Equity-settled share-based payment expenses	130	372
Other staff costs	152,457	124,755
Cost of inventories sold	159,999	135,411
Gain on disposal of plant and equipment	(769)	(290)
	<u>(769)</u>	<u>(290)</u>

5. INCOME TAX

Taxation in the profit or loss represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax	4,500	3,963
Deferred tax	(2,479)	(3,674)
	2,021	289

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) The Company’s subsidiaries incorporated/established in Hong Kong, the People’s Republic of China (“PRC”), Taiwan and Japan are subject to Hong Kong Profits, 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 (2014: HK – 16.5%, PRC – 25%, Taiwan – 17% and Japan – 15% respectively).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$36,643,000 (2014: HK\$27,712,000) and the weighted average number of ordinary shares of 2,242,950,000 (2014: 2,242,950,000 ordinary shares) in issue during the year ended 31 March 2015.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2014 and 2015.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade debtors	8,469	8,134
Rental and utility deposits	38,631	36,493
Prepayments	4,156	4,604
Other debtors	591	355
	51,847	49,586

(a) **Aging analysis**

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	7,084	7,274
31 – 60 days	709	489
61 – 90 days	345	9
91 – 180 days	11	25
181 – 365 days	320	337
	<u>8,469</u>	<u>8,134</u>

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	<u>7,062</u>	<u>7,037</u>
Past due but not impaired:		
1 – 30 days	823	691
31 – 60 days	262	35
61 – 90 days	6	9
91 – 180 days	7	20
181 – 365 days	309	342
	<u>1,407</u>	<u>1,097</u>
	<u>8,469</u>	<u>8,134</u>

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

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

8. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade creditors	28,010	27,157
Accruals and provisions	30,598	25,928
Other creditors	<u>14,394</u>	<u>8,564</u>
	73,002	61,649
<i>Less: Classified in non-current liabilities</i>	<u>(3,502)</u>	<u>(4,653)</u>
Classified in current liabilities	<u>69,500</u>	<u>56,996</u>

The following was an aging analysis of trade creditors:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	16,107	21,643
31 – 60 days	10,432	4,706
61 – 90 days	288	658
91 – 180 days	573	101
Over 180 days	<u>610</u>	<u>49</u>
	<u>28,010</u>	<u>27,157</u>

9. CASH AND CASH EQUIVALENTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cash and bank balances	<u>49,628</u>	<u>27,233</u>

10. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for the loan from a director, the Group had the following material transactions with its related parties in which a Director of the Company has controlling interest under the GEM Listing Rules during the year:

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
(i) Rental expense to Epicurean Management Limited #	<i>(a)</i>	–	240
(ii) Interest expense on convertible bonds to Strong Venture#	<i>(b)</i>	1,600	1,600
(iii) Rental expense to Joint Allied Limited (“Joint Allied”) ^{##}	<i>(c)</i>	1,371	1,267
(iv) Rental expense to Assets Partner Limited (“Assets Partner”) ^{##}	<i>(c)</i>	1,404	–
(v) Rental expense to Jebson Development Limited (“Jebson Development”) ^{##}	<i>(c)</i>	552	–
		<u>552</u>	<u>–</u>

Mr. Tang Sing Ming Sherman (“Mr. Tang”), an executive Director of the Company, has controlling interest.

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

Notes:

- (a) The amounts were predetermined by both parties.
- (b) The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012.
- (c) The transactions were entered based on the normal commercial terms.

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

Key management compensation

	2015 HK\$'000	2014 <i>HK\$'000</i>
Fees for key management personnel	360	360
Salaries, allowances and other benefits in kind	5,105	4,532
Retirement scheme contributions	112	96
Equity-settled share-based payment expenses	221	574
	<u>5,798</u>	<u>5,562</u>

11. SEGMENT AND ENTITY-WIDE INFORMATION

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

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

(b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from external customers	68,510	39,976	437,481	374,637	505,991	414,613
Other revenue	373	236	1,478	2,286	1,851	2,522
Total revenue	<u>68,883</u>	<u>40,212</u>	<u>438,959</u>	<u>376,923</u>	<u>507,842</u>	<u>417,135</u>
Non-current assets	<u>19,759</u>	<u>18,859</u>	<u>123,501</u>	<u>130,838</u>	<u>143,260</u>	<u>149,697</u>

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

(c) Major customers

The Group's customer base is diversified and no individual customer with whom transactions exceeded 10% of the Group's revenue for the years ended 31 March 2015 and 2014.

12. EMPHASIS OF MATTER

The Board would like to draw the users' attention that the Company's auditor has included the Emphasis of Matter paragraph in the independent auditor's reports in the consolidated financial statements of the Group for the year ended 31 March 2015.

Attention to note 1(d) to the above consolidated financial statements has been drawn by the Company's auditor which indicates that the Group incurred a net loss of HK\$36,912,000 for the year ended 31 March 2015 and as of that date, the Group had net current liabilities and net liabilities of HK\$152,627,000 and HK\$4,422,000 respectively. These conditions, along with other matters as set forth in note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The auditor's opinion is not qualified in respect of this matter. The Directors, taking into account of the factors setting out in note 1(d) above, are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

13. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2014, set against a distinctly mixed global backdrop, world economy performed less than spectacular. In Hong Kong, the economic growth was below expectations and it was also the third consecutive year with a growth rate lower than the annual average percentage over the past decade. Domestic consumption remained the key driver of the economy.

Fiscal 2014/2015 is no doubt, a challenging year for the food and beverage (“F&B”) sector. Similar to the previous years, we continued to face difficulties arising from rising operating costs, acute labour shortage and high employee turnover rate. Rentals, another major element in the cost structure recorded a mild fall amid a drop in Chinese tourist numbers. Despite of the cooling down in the leasing market, we still observed keen competition in the F&B sector for good locations at reasonable rate. The Occupy Central Campaign in late September 2014 and the outbreak of waves of protests targeting cross-border parallel-goods traders in early 2015 have put further pressure to the retail sector. Under such operating landscape, disciplined execution to enhance operating efficiency is particularly important for the sector.

Another feature of the F&B industry in Hong Kong is the raising food safety concerns in the public. The outbreak of illegal cooking oil incidents in Hong Kong and Taiwan in 2014 and the increasing frequency of food scandals in the PRC have grown the demand of safe food by our customers. Apart from dining experience, consumers are now looking for trusted brand names. Building and reinforcing positive consumer perceptions have always topped in our agenda, no matter before or after all these incidents. We will continue to strengthen our supply chain to maintain a high standard of food quality and safety.

Stepping into 2015, retail sales have been weak. Potential increase in interest rate in late 2015 as foreseen by the economists has dampen private consumption and driven down retail sales. The strong US dollar and strong Hong Kong dollar due to the peg have made other tourism destinations more attractive relative to Hong Kong. China’s slowing economy has further deteriorated Hong Kong’s retail sales. With our mass market multiple brand strategy, the negative impact on our business should be less drastic.

Business Review

During the fiscal year 2014/2015, the Group has continued to apply multi-brand strategy in diverse geographies to drive its business growth. The Group’s revenue recorded another year of double digit growth of 22%, to HK\$506.0 million. The profitability, however, is below our standards for performance. The net loss for the year amounted to HK\$36.9 million which was mainly due to investments on operating infrastructures, new store openings and closing down of some profit-making stores during the year.

After years of rapid business expansion, our dedication during the year was to take a step back, re-evaluate and strengthen different aspects of the business so that we could come out stronger and better prepared going forward. Admittedly, this is a long term promise that requires tremendous efforts, but we believe our persistence will finally pay off.

The revenue growth of the year was mainly driven by increase in number of stores, faster traffic flow and also increased operating efficiency. In Hong Kong, the total store count reached 73 by the end of the fiscal year as we had a net increase of 8 new stores under our core concepts. The store expansion rate is slowed down this year. However, this is our strategy to improve operating capabilities while expanding our business network in a prudent manner under the backdrop of mixed economic outlook.

Given our long-term positive outlook for Mainland China, we opened 4 direct stores across the country in fiscal 2014/2015. During the year, we have strengthened our operational foundation in the region by undergoing acquisition of a logistic and production center in Shanghai. The acquisition was completed soon after the review period. This 1,000 square meters distribution and food production centre is expected to substantially improve the productivity and efficiency of our PRC business arm and help to facilitate our future growth to surrounding areas of Shanghai.

Another important highlight of the year is initiation of our partnership with local experts for licensing our dining concept in the PRC. As of today, we have already been engaged with 2 licencees to operate Japanese curry specialty stores in the PRC. Upcoming, we will continue to refine our licence capability and to recruit new partners.

Our iconic brand, the restaurants, café and cake shops concept is on a track for stable growth. In Hong Kong, instead of rapid network expansion, we put more efforts on brand reinforcement, product innovation and customer relationships. During the year, a new product line, “Cake Petit”, cup cakes composite of tender and moist chiffon cakes outside and creamy custard inside was launched. The new innovation has been warmly accepted by the market. Apart from regularly expansion of menu with new products, we also celebrated with our customers with seasonal specials. For example, “Sakura Sweet Fair”, “Strawberry Sweet Fair”, “Mid-autumn Specials”, Valentine’s Day and White Day Specials. Also, we have started our initial rollout of all-day breakfast at some stores located in commercial districts. Apart from product offerings, connection with customers is another core to the brand. With this in mind, we continue to strengthen our platform in customer relations by leveraging a combination of social and digital media and our online membership system, “Tomato Club Member Zone”. This new platform gives the opportunities to further enhance how we connect with our customers. Beyond Hong Kong, the performance of this concept in Mainland China and Taiwan was below our expectation. We do see room for improvement in various fronts, including our ability in the areas of operation efficiency, cost control and production infrastructure. We believe the enhancement in these capabilities will help to drive profitability going forward.

The Japanese tonkatsu brand continues to be an important source of revenue for the Group, though setbacks were observed mainly attributable to closing down of two stores upon lease expiry. We believe the impact will be temporary as we are working hard to identify new store locations for this brand. In Shanghai, the revenue of the IFC store remained strong. However, sales of the two other stores were softer than we expected mainly due to insufficient flow of traffic in the region they located. We anticipate that the pickup of customer flow in the area takes time, but we remain optimistic about this dining concept in the PRC.

This year, we are proud of the development of our Taiwanese Beef Noodle concept in the region. Not only because had this brand outperformed other concepts in terms of both sales and profitability, but also the fact that it has become a leading brand of Taiwanese dining chain in Hong Kong. In 2015, we will continue to increase the shop number of this concept.

Apart from these 3 iconic brands, sales of other concepts operated by the Group remained stable. Our focus on these brands continues to be brand building, menu management and operation capability enhancement. Again, we are on the course of reviewing the performance of those stores that have consistently underperformed, and solutions will be formulated to tackle with each situation.

Future Prospects

In fiscal 2014/2015, the Group has experienced a challenging year and we foresee that fiscal 2015/2016 will be another hard year for our sector. We will continue to expand and develop prudently and disciplinably by maintaining a balanced approach to allocate our resources between the existing business and the acquisition of new concepts to enhance our value. In light of the tough operating environment and the increasing competition in the F&B industry, we will continue to refine our business model through revamping the dining concepts and portfolio restructuring. In particular, we may also consider realizing brand value by disposal when opportunities arise. We know that all these reforms are not going to be easy, however, we do believe it is an essential move to bring the Company to the next level.

Our PRC business division, though still at a comparatively small scale, will be an important market to power our growth in the future. Upcoming, apart from new store openings, we will grow in this market with a combination of new concepts, menu variety and strong value offers. We believe that our tremendous effort will pay back in the near future.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2015, the Group recorded a total turnover of HK\$506.0 million (2014: HK\$414.6 million), representing an increase of 22% compared with the previous year.

Net loss attributable to owners of the Company was HK\$36.6 million (2014: HK\$27.7 million).

Gross profit

The gross profit margin from the operations of the Group was 68% (2014: 67%).

Expenses

Total operating expenses for the operations increased by 24% to HK\$372.8 million (2014: HK\$301.2 million) due to the fact that the Group operated more stores compared with corresponding period last year and pre-operating expenses were incurred for tapping into new markets during the year.

Financial resources and liquidity

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

As at 31 March 2015, current assets amounted to HK\$108.0 million (2014: HK\$83.2 million) of which HK\$49.6 million (2014: HK\$27.8 million) was cash and bank deposits, HK\$51.8 million (2014: HK\$49.6 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK\$260.7 million (2014: HK\$122.7 million), including creditors, accruals and deposits received in the amount of HK\$69.5 million (2014: HK\$57.0 million). As at 31 March 2015, the convertible bonds amounted to HK\$79.6 million (2014: HK\$78.7 million) will be repayable within twelve months, so it was treated as current liabilities in this financial year whereas it was included in non-current liabilities in last financial year.

Current ratio and quick assets ratio as at 31 March 2015 were 0.41 and 0.39 respectively (2014: 0.68 and 0.64 respectively). As the Company incurred net liabilities as at 31 March 2015, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less pledged bank deposit and cash and bank balances to total equity, to be calculated. As at 31 March 2014, the debt-to-equity ratio was 5.68.

Foreign exchange

The Group received income from sales in the PRC, Taiwan and Japan denominated in Renminbi, Taiwan Dollar and Yen respectively. Fluctuations in exchange rates of Renminbi, Taiwan Dollar and Yen against Hong Kong Dollar could affect the Group's results of operations. During the years ended 31 March 2015 and 31 March 2014, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

Except for the assets pledged as security for obligations under finance lease at 31 March 2015 as well as pledge bank deposit and assets pledged as security for obligations under finance lease at 31 March 2014, no Group's assets which had been pledged or charged as at 31 March 2015 and 31 March 2014.

Capital commitments

As at 31 March 2015 and 31 March 2014, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2015 and 31 March 2014, the Group did not have material contingent liabilities.

Subsequent event

- (a) On 13 February 2015, Corehigh Limited ("Purchaser"), a wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement (the "Agreement") with an independent third party, CMC Holdings Group Limited ("Vendor") as vendor, Ip Chun Bong as Vendor's guarantor and Epicurean Management (Asia) Limited as Purchaser's guarantor, pursuant to which the Purchaser agreed to acquire the entire share capital of Cookie Man China (BVI) Limited ("Cookie Man") and the interest in the outstanding loan owed by Cookie Man to the Vendor calculated up to the completion date of the Agreement, at a total consideration of HK\$6 million, subject to adjustments as provided in the Agreement. The transaction was completed on 2 April 2015. Cookie Man is principally engaged in manufacturing and sale of fresh-baked cookies, frozen dough, Chinese and Western bakery products, cakes and related products in China, and carrying on business under a franchise agreement.
- (b) On 11 February 2015, a potential purchaser (the "Potential Purchaser"), which is a third party independent of the Company and its connected persons, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with First Glory Holdings Limited ("First Glory"), pursuant to which the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the entire interest held by First Glory in the Company, representing approximately 74.63% of the total issued share capital of the Company as at 11 February 2015. On 19 May 2015, the Sale and Purchase Agreement was terminated by the parties.

- (c) On 11 February 2015, the Company entered into a disposal agreement (the “Disposal Agreement”) with Simply Global Investments Limited (“Simply Global”), a company which is wholly-owned by Mr. Tang Sing Ming Sherman (“Mr. Tang”), the executive Director and chairman of the Company, pursuant to which the Company conditionally agreed to (i) sell to Simply Global the entire issued share capital of Marvel Success Limited (“Marvel Success”), which is a wholly-owned subsidiary of the Company; and (ii) assign to Simply Global the outstanding loans owed by Marvel Success to the Company accrued up to the completion date of the Disposal Agreement. On 19 May 2015, the Disposal Agreement was terminated by the parties.

Employees and remuneration policies

As at 31 March 2015, the Group had 1,103 employees in Hong Kong, the PRC, Taiwan and Japan (2014: 1,021). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual’s performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the new share option scheme adopted on 20 July 2012 as well as the previous share option scheme adopted on 26 February 2003 (collectively referred to as the “Share Option Schemes”).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

DIRECTORS’ INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2015, 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/ short positions in the ordinary shares of the Company

Name	Type of interests	Number of shares (<i>Long position (“L”)/ Short position (“S”)</i>)	Approximate percentage of the issued share capital (<i>Note 3</i>)
Mr. Tang (<i>Note 2</i>)	Beneficiary of a trust	1,673,810,083 (L) (<i>Note 1(a)</i>)	74.63%
		1,673,810,083 (S) (<i>Note 1 (b)</i>)	74.63%

Notes:

1. (a) 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 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, 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.

- (b) Pursuant to a sale and purchase agreement (the “Sale and Purchase Agreement”) dated 11 February 2015 entered into between First Glory and a potential purchaser (the “Potential Purchaser”, which is an independent third party), the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the said 1,673,810,083 shares held by First Glory in the Company, subject to the terms and conditions therein.

The transactions contemplated under the Sale and Purchase Agreement did not materialise. Subsequently on 19 May 2015, First Glory and the Potential Purchaser entered into a termination agreement (the “Termination Agreement”) pursuant to which the Sale and Purchase Agreement was duly terminated.

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 31 March 2015.

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital <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:

Name	Date of grant	Exercise price per share HK\$	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Tang (Note 2)	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.22%	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
					<u>31,000,000</u>

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.
- Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
- Based on 2,242,950,000 shares of the Company in issue as at 31 March 2015.

(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 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 31 March 2015, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed “Directors’ interests in the securities of the Company or any associated corporations”, so far as is known to the Directors and chief executive of the Company, as at 31 March 2015, 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:

Name	Type of interests	Number of shares (Long position (“L”)/ Short position (“S”))	Approximate percentage of the issued capital (Note 4)
HSBC Trustee (Cook Islands) Limited (Note 1)	Interest in corporation	1,673,810,083 (L)	74.63%
		1,673,810,083 (S)	74.63%
Glory Sunshine (Note 1)	Interest in corporation	1,673,810,083 (L)	74.63%
		1,673,810,083 (S)	74.63%
Eternity Investment Limited (Note 1(b))	Interest in corporation	1,673,810,083 (L)	74.63%
First Glory (Note 1)	Beneficial owner	1,673,810,083 (L)	74.63%
		1,673,810,083 (S)	74.63%
Strong Venture (Note 2)	Beneficial owner	1,000,000,000 (L)	44.58%
Ms. Ho (Note 3)	Interest in spouse	2,698,810,083 (L)	120.32%
		1,673,810,083 (S)	74.63%

Notes:

1. (a) 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.
- (b) Pursuant to the Sale and Purchase Agreement, the Potential Purchaser conditionally agreed to purchase and First Glory conditionally agreed to sell the said 1,673,810,083 shares held by First Glory in the Company, subject to the terms and conditions therein. Eternity Investment Limited indirectly held as to 100% interests in the Potential Purchaser.

The transactions contemplated under the Sale and Purchase Agreement did not materialise. Subsequently on 19 May 2015, First Glory and the Potential Purchaser entered into the Termination Agreement pursuant to which the Sale and Purchase Agreement was duly terminated.

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 31 March 2015.

SHARE OPTIONS

As at 31 March 2015, options under Share Option Schemes to subscribe for an aggregate of 67,500,000 shares have been granted to a total of 11 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share <i>HK\$</i>	Outstanding at 1.4.2014	Lapsed during the year	Outstanding at 31.3.2015
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
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	5,000,000	–	5,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000	–	5,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,400,000	–	3,400,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	4,500,000	–	4,500,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,600,000	–	5,600,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	6,500,000	(1,000,000)	5,500,000
Total of all categories				<u>69,500,000</u>	<u>(2,000,000)</u>	<u>67,500,000</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, PRC and Japan. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong, PRC and Japan 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, Post 97 and El Pomposo Shanghai), Japanese restaurants (Sei 誠, Naha 那霸沖繩料理, 大勝軒 and 大門). The information of these restaurants, including their locations and menus, can be found in the website 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 of Xia Fei 霞飛, 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, 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 year ended 31 March 2015, the audit committee had held four meetings and had reviewed the draft quarterly report and accounts for the year ended 31 March 2015 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the year ended 31 March 2015, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2015, 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, 22 June 2015

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.

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