



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 2016

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

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

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

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

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 2016

Consolidated revenue of the Company and its subsidiaries (collectively the “Group”) was HK\$77.6 million for the period under review, representing a decrease of 39% compared with HK\$127.7 million recorded in the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$13.6 million from HK\$8.5 million compared with the corresponding period last year.

RESULTS

The board of directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the period ended 30 June 2016, together with the comparative unaudited consolidated figures for the corresponding period last year:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2016

		For the three months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Revenue	2	77,575	127,698
Cost of sales		<u>(24,997)</u>	<u>(38,188)</u>
Gross profit		52,578	89,510
Other income		400	375
Operating expenses		<u>(65,688)</u>	<u>(95,685)</u>
Operating loss		(12,710)	(5,800)
Finance costs		<u>(1,083)</u>	<u>(1,975)</u>
Loss before income tax		(13,793)	(7,775)
Income tax	3	<u>32</u>	<u>(880)</u>
Loss for the period		<u>(13,761)</u>	<u>(8,655)</u>
Loss for the period attributable to:			
Owners of the Company		(13,574)	(8,488)
Non-controlling interests		<u>(187)</u>	<u>(167)</u>
		<u>(13,761)</u>	<u>(8,655)</u>
Loss per share (HK cents)	4		
– Basic		<u>(0.49)</u>	<u>(0.38)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the three months ended 30 June 2016*

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the period	<u>(13,761)</u>	<u>(8,655)</u>
Other comprehensive income for the period, net of tax:–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain arising from translation of financial statements of foreign operations	<u>318</u>	<u>123</u>
Total comprehensive loss for the period	<u>(13,443)</u>	<u>(8,532)</u>
Total comprehensive loss for the period attributable to:–		
Owners of the Company	(13,249)	(8,365)
Non-controlling interests	<u>(194)</u>	<u>(167)</u>
	<u>(13,443)</u>	<u>(8,532)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2016

	Attributable to owners of the Company										
	Share capital HK\$'000	Accumulated losses HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1.4.2015 (audited)	22,430	(170,884)	135,200	3,801	92	2,020	2,521	(258)	(5,078)	656	(4,422)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	8	-	-	8	-	8
Comprehensive loss											
Loss for the period	-	(8,488)	-	-	-	-	-	-	(8,488)	(167)	(8,655)
Other comprehensive income:-											
Exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	123	-	-	-	123	-	123
Total comprehensive loss for the period	-	(8,488)	-	-	123	-	-	-	(8,365)	(167)	(8,532)
At 30.6.2015 (unaudited)	<u>22,430</u>	<u>(179,372)</u>	<u>135,200</u>	<u>3,801</u>	<u>215</u>	<u>2,028</u>	<u>2,521</u>	<u>(258)</u>	<u>(13,435)</u>	<u>489</u>	<u>(12,946)</u>
At 1.4.2016 (audited)	27,775	(207,068)	173,887	3,801	(210)	1,055	1,390	(258)	372	(813)	(441)
Comprehensive loss											
Loss for the period	-	(13,574)	-	-	-	-	-	-	(13,574)	(187)	(13,761)
Other comprehensive income:-											
Exchange gain/(loss) arising from translation of financial statements of foreign operations	-	-	-	-	325	-	-	-	325	(7)	318
Total comprehensive loss for the period	-	(13,574)	-	-	325	-	-	-	(13,249)	(194)	(13,443)
At 30.6.2016 (unaudited)	<u>27,775</u>	<u>(220,642)</u>	<u>173,887</u>	<u>3,801</u>	<u>115</u>	<u>1,055</u>	<u>1,390</u>	<u>(258)</u>	<u>(12,877)</u>	<u>(1,007)</u>	<u>(13,884)</u>

1. BASIS OF PREPARATION

- (a) These unaudited condensed consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards and Interpretations 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 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.

These unaudited condensed consolidated quarterly results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2016, which have been prepared in accordance with HKFRSs.

These unaudited condensed consolidated quarterly results have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its annual period beginning on 1 April 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated quarterly results and amounts reported for the current period and prior periods.

(b) Adoption of the going concern basis

When preparing the unaudited condensed consolidated quarterly results, the Group’s ability to continue as a going concern has been assessed. These unaudited condensed consolidated quarterly results have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a loss of HK\$13,761,000 for the period ended 30 June 2016 and as of that date, the Group had net current liabilities and net liabilities of HK\$84,710,000 and HK\$13,884,000 respectively as the Directors considered that:–

- (1) Mr. Tang Sing Ming Sherman (“Mr. Tang”), who, as at 30 June 2016, provided loans to the Group of HK\$78,389,000 and is also the sole beneficial owner of all the convertible bonds issued by the Company in the aggregate principal amount of HK\$40,000,000, will provide continuing financial support to the Group. Mr. Tang is the executive director of the Company and one of the beneficiaries of a family trust which hold approximately 50.54% interest in the Company altogether; and
- (2) The Group had unutilized banking facilities of HK\$25,920,000 as at 30 June 2016. Given the Group maintained strong business relationship with its bankers and based on the past experiences, the Directors considered that the Group is able to renew the facilities when such 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 unaudited condensed consolidated quarterly results to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group’s ability to continue as a going concern.

2. REVENUE

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

	For the three months ended 30 June	
	2016	2015
	(unaudited) HK\$'000	(unaudited) HK\$'000
Provision of food and beverage services and others	<u>77,575</u>	<u>127,698</u>

3. INCOME TAX

Taxation in the profit or loss represents:

	For the three months ended 30 June	
	2016	2015
	(unaudited) HK\$'000	(unaudited) HK\$'000
Current tax	1,477	690
Deferred tax	<u>(1,509)</u>	<u>190</u>
	<u>(32)</u>	<u>880</u>

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

4. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$13,574,000 (2015: HK\$8,488,000) and the weighted average number of ordinary shares of 2,777,450,000 (2015: 2,242,950,000 ordinary shares) in issue during the period ended 30 June 2016.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 June 2015 and 2016.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend in respect of the period ended 30 June 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the first quarter ended 31 March 2016 amounted to HK\$77.6 million (2015: HK\$127.7 million), representing a decrease of 39% compared with the same period of the last financial year. Net loss attributable to owners of the Company increased by HK\$5.1 million, to HK\$13.6 million as compared with the same period of the last financial year.

Industry Overview

In the first half-year period of year 2016, the International Monetary Fund cut its forecast for global growth prospects in light of the increasing risks of the world economy. Moreover, Britain's departure from the European Union poses a further threat to the global economy. Undoubtedly, we are facing an unprecedented challenge. Despite the slowdown, China's economy is gradually transitioning to a greater reliance on consumption compared with a previous emphasis on manufacturing. Hopefully, this would foster resilience to the food and beverage sector amid the unfavourable operating environment.

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

Business Review

In our annual report of the last financial year, we disclosed the result of the portfolio restructure after the disposal of the business operation in Japan and the entire interests in the Shanghainese dining concept and Taiwan beef noodle chain stores in order to focus the resources on the development of the Japanese-related concepts in the Greater China region. During the period under review, the total number of stores was decreased by 17 to 58 compared with that of corresponding period last year. We now focus on 4 core dining concepts in our portfolio, namely the restaurant, café and cake shop brands, Japanese curry specialty shop, Japanese izakaya and Japanese tonkatsu.

In Hong Kong, sales of our flagship brand of restaurants, café and cake shops, together with its extended brands had declined due to closure of stores on lease expiry during the period under review. Through years of presence in the market, we have learned from our past experience that we must innovate our way out. We tended to put more efforts on product innovation, menu engineering and customer relationships. We had several new, exciting products launched during the year. Leveraged on our experience in Shanghai, we had expanded to another prosperous metropolis in China, namely Shenzhen, by opening the first café in the region. Despite lower than expected sales for the first couple of months, our PRC team is working on strategies to drive traffic. We believe that we can apply our success models from Hong Kong business to drive growth in this new market. In Shanghai and Taiwan, sales of this brand were weaker than that of Hong Kong. Going forward, we will continue to enhance the brand recognition and our ability in the operation efficiency.

During the period under review, we opened a Japanese tonkatsu shop in Hong Kong. The performance of the shop is within our expectation. We expect fiscal 2016/2017 to be a year of sequential sales improvement for this brand as a new Hong Kong store will roll out.

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

The Japanese izakaya had recorded the same-store sales growth during the period under review in both Hong Kong and Shanghai driven by improved operations and food innovation. We will continue to sharpen products and price offers going forward.

Future Prospects

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

FINANCIAL REVIEW

Consolidated results of operations

For the three months ended 30 June 2016, the Group recorded revenue of HK\$77.6 million (2015: HK\$127.7 million), the revenue decreased by 39% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$13.6 million (2015: HK\$8.5 million).

The gross profit margin of the Group was 68% (2015: 70%).

Total operating expenses decreased by 31% to HK\$65.7 million (2015: 95.7 million) due to the fact that the number of operating subsidiaries are fewer than that of corresponding period last year resulting from the disposal of the business operation in Japan and the entire interests in the Shanghainese dining concept and Taiwan beef noodle chain stores.

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

During the three months ended 30 June 2016, 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 2016, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Type of interests	Number of ordinary shares of the Company	Approximate percentage of the issued share capital (Note 3)
Mr. Tang Sing Ming Sherman ("Mr. Tang") (Note 2)	Beneficiary of a trust	903,810,083 (Note 1)	32.54%
	Beneficial owner	500,000,000	18.00%
Mr. Bhanusak Asvaintra	Beneficial owner	2,000,000	0.07%
Mr. Chan Kam Fai Robert	Beneficial owner	2,000,000	0.07%
Mr. Chung Kwok Keung Peter	Beneficial owner	2,000,000	0.07%

Notes:

- 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 903,810,083 shares are held by First Glory Holdings Limited ("First Glory") which is wholly-owned by Glory Sunshine Holding Limited ("Glory Sunshine"). In turn, Glory Sunshine is wholly-owned by HSBC International Trustee Limited in its capacity as the trustee of the Family Trust. Mr. Tang is therefore deemed to be interested in the said 903,810,083 shares under Part XV of the SFO.
- 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.
- Based on 2,777,450,000 shares of the Company in issue as at 30 June 2016.

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

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

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

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

Notes:

1. The said 500,000,000 shares of the Company represent the total number of conversion shares attaching to the convertible bond in the outstanding principal amount of HK\$40 million which would be allotted and issued upon full conversion at the conversion price of HK\$0.08 per share.
2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares of the Company held by Mr. Tang.
3. Based on 2,777,450,000 shares of the Company in issue as at 30 June 2016.

(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 <i>(Note 1)</i>	First Glory <i>(Note 2)</i>	Beneficiary of a trust	1	100%

Notes:

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

(d) Interests in debentures of the Company

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

Notes:

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

Save as disclosed herein, as at 30 June 2016, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed “Directors’ interests in the securities of the Company or any associated corporations”, so far as is known to the Directors and chief executive of the Company, as at 30 June 2016, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

Name	Type of interests	Number of shares and underlying shares of the Company	Approximate percentage of the issued capital (Note 4)
Mr. Tang	Beneficial owner	1,025,000,000 (Note 3)	36.91%
	Beneficiary of a trust (Note 1)	903,810,083	32.54%
HSBC International Trustee Limited (Note 1)	Interest in corporation	903,810,083	32.54%
Glory Sunshine (Note 1)	Interest in corporation	903,810,083	32.54%
First Glory (Note 1)	Beneficial owner	903,810,083	32.54%
Ms. Ho (Note 2)	Interest in spouse	1,928,810,083	69.45%

Notes:

1. The said 903,810,083 shares of the Company are held by First Glory. First Glory is wholly-owned by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC International Trustee Limited in its capacity as the trustee of the Family Trust.
2. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. Please refer to the section headed “Directors’ interests in the securities of the Company or any associated corporations” for further details.
3. The said 1,025,000,000 shares of the Company comprises 500,000,000 ordinary shares of the Company held by Mr. Tang, 500,000,000 underlying shares which would be issued upon conversion of the convertible bond in full and 25,000,000 underlying shares which would be issued upon exercise of all the share options of the Company held by Mr. Tang.
4. Based on 2,777,450,000 shares of the Company in issue as at 30 June 2016.

SHARE OPTIONS

As at 30 June 2016, options under Share Option Schemes to subscribe for an aggregate of 33,000,000 shares of the Company have been granted to one director and two employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1.4.2016 and 30.6.2016
Category 1: Director 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
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	3,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	<u>3,000,000</u>
Total of all categories				<u><u>33,000,000</u></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, the executive Director, is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well-established hospitality group which creates and operates a wide variety of food and beverage concepts in Hong Kong, the PRC, Japan and Singapore. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong, the PRC, Japan and Singapore include but are not limited to the following: Joy & Joy 喜双逢, Tim's Kitchen Elements 圓方桃花源, The Peak Lookout, The Peak Lookout Airport, Jimmy's Kitchen, Steik World Meats, Agave, Club 97, Post 97, El Pomposo Shanghai, Sei 誠, Naha 那霸沖繩料理, 大勝軒, 大門, Xia Fei 霞飛, Xia Xiao Fei 霞小飛, Xiao Wang Beef Noodle 小王牛肉麵, Avenue Joffre at Sentosa 聖淘沙霞飛路, Kansai Mama 關西媽媽, Osteria Felice and Han Nya Tou 般若湯 ("Private Group Restaurants"). The information of some of these restaurants, including their locations and menus, can be found in the website www.epicurean.com.hk (which is not the website of the Company).

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

AUDIT COMMITTEE

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

Up to the date of approval of the Group's unaudited results for the period ended 30 June 2016, the audit committee had held one meeting and had reviewed the draft quarterly report and accounts for the period ended 30 June 2016 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the period ended 30 June 2016, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules throughout the period ended 30 June 2016, except for the deviations from Code Provisions A.2.1 and A.4.2 of the Corporate Governance Code. Details of the deviations are set out below.

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

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

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

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

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

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

Hong Kong, 10 August 2016

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

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