



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 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.

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 30 JUNE 2015

Consolidated turnover was HK\$127.7 million for the period under review, representing an increase of 6% compared with HK\$120.8 million recorded in the corresponding period last year.

Loss attributable to owners of the Company increased to HK\$8.5 million from HK\$8.3 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 Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the period ended 30 June 2015, together with the comparative unaudited consolidated figures for the corresponding period last year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2015

		For the three months ended 30 June	
	Note	2015 HK\$'000	2014 HK\$'000
Turnover	2	127,698	120,801
Cost of sales		<u>(38,188)</u>	<u>(37,955)</u>
Gross profit		89,510	82,846
Other income		375	348
Operating expenses		<u>(95,685)</u>	<u>(89,497)</u>
Operating loss		(5,800)	(6,303)
Finance costs		<u>(1,975)</u>	<u>(1,930)</u>
Loss before income tax		(7,775)	(8,233)
Income tax expense	3	<u>(880)</u>	<u>(354)</u>
Loss for the period		<u><u>(8,655)</u></u>	<u><u>(8,587)</u></u>
Loss for the period attributable to:			
Owners of the Company		(8,488)	(8,345)
Non-controlling interests		<u>(167)</u>	<u>(242)</u>
		<u><u>(8,655)</u></u>	<u><u>(8,587)</u></u>
Loss per share (HK cents)	4		
– Basic		<u><u>(0.38)</u></u>	<u><u>(0.37)</u></u>
– Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)*For the three months ended 30 June 2015*

	2015 HK\$'000	2014 <i>HK\$'000</i>
Loss for the period	<u>(8,655)</u>	<u>(8,587)</u>
Other comprehensive income/(loss) for the period, net of tax:–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange gain/(loss) arising from translation of financial statements of foreign operations	<u>123</u>	<u>(24)</u>
Total comprehensive loss for the period	<u>(8,532)</u>	<u>(8,611)</u>
Total comprehensive loss for the period attributable to:–		
Owners of the Company	(8,365)	(8,369)
Non-controlling interests	<u>(167)</u>	<u>(242)</u>
	<u>(8,532)</u>	<u>(8,611)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 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 1.4.2014 (audited)	22,430	(134,287)	135,200	3,801	(187)	1,820	2,521	(75)	31,223	827	32,050
Acquisition of non-controlling interests	-	-	-	-	-	-	-	56	56	(56)	-
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	81	-	-	81	-	81
Comprehensive loss											
Loss for the period	-	(8,345)	-	-	-	-	-	-	(8,345)	(242)	(8,587)
Other comprehensive loss:-											
Exchange loss arising from translation of financial statements of foreign operations	-	-	-	-	(24)	-	-	-	(24)	-	(24)
Total comprehensive loss for the period	-	(8,345)	-	-	(24)	-	-	-	(8,369)	(242)	(8,611)
At 30.6.2014 (unaudited)	<u>22,430</u>	<u>(142,632)</u>	<u>135,200</u>	<u>3,801</u>	<u>(211)</u>	<u>1,901</u>	<u>2,521</u>	<u>(19)</u>	<u>22,991</u>	<u>529</u>	<u>23,520</u>
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>

1. BASIS OF PREPARATION

- (a) These unaudited consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and are prepared under the historical cost convention and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated quarterly results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2015.

(b) Adoption of the going concern basis

When preparing the unaudited consolidated quarterly results, the Group's ability to continue as a going concern has been assessed. These unaudited consolidated quarterly results have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a loss of HK\$8,655,000 for the period ended 30 June 2015 and as of that date, the Group had net current liabilities and net liabilities of HK\$183,820,000 and HK\$12,946,000 respectively as the Directors considered that:—

- (1) Mr. Tang Sing Ming Sherman (“Mr. Tang”), who, as at 30 June 2015, provided loans to the Group of HK\$90,700,000 and is also 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 approximately 74.63% interest in the Company; and
- (2) The Group had unutilized banking facilities of HK\$17,379,000 as at 30 June 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 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 consolidated quarterly results to be prepared on a going concern basis.

2. TURNOVER

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

	For the three months ended 30 June	
	2015 (unaudited) <i>HK\$'000</i>	2014 (unaudited) <i>HK\$'000</i>
Provision of food and beverage services and others	<u>127,698</u>	<u>120,801</u>

3. INCOME TAX

Taxation in the profit or loss represents:

	For the three months ended 30 June	
	2015 (unaudited) <i>HK\$'000</i>	2014 (unaudited) <i>HK\$'000</i>
Current tax	690	917
Deferred tax	<u>190</u>	<u>(563)</u>
	<u>880</u>	<u>354</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”), Taiwan and Japan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax, Taiwan Profit-Seeking-Enterprise Income Tax and Japan Corporate Income Tax at the rates of 16.5%, 25%, 17% and 15% respectively (2014: 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\$8,488,000 (2014: HK\$8,345,000) and the weighted average number of ordinary shares of 2,242,950,000 (2014: 2,242,950,000 ordinary shares) in issue during the period ended 30 June 2015.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 June 2014 and 2015.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend in respect of the period ended 30 June 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover for the first quarter ended 30 June 2015 amounted to HK\$127.7 million (2014: HK\$120.8 million), representing an increase of 6% compared with the same period of the last financial year. Net loss attributable to owners of the Company increased by HK\$143,000, to HK\$8.5 million as compared with the same period of the last financial year.

Industry Overview

In the first fiscal quarter 2015/2016, set against the backdrop of Greek government-debt crisis and the expectation of interest rate increase by the US central bank, global economy remained lackluster. In Hong Kong, the GDP growth rate was expected to be lower than the preceding quarter. Domestic demand was the key source of growth. External demand declined with goods exports expanding only marginally and with services exports, being dragged by the slowdown in inbound tourism, slackening further.

Retail sales weakened once again in the first quarter of the fiscal year. The business environment for the food and beverage ("F&B") sector has always been challenging. Even though we observed a weakening retail rents as a result of the dropping number of tourists from Mainland China, competitions amongst the F&B operators for good locations at reasonable rental rate remained keen. As good location is always the key to the success of a restaurant, we are getting more cautious on site selections amid such a difficult operating and market condition. During the period, the cost structure of the F&B sector was fairly the same as the previous years. Apart from rent, key operating costs, such as, labour, raw materials and utilities were still on the high side. A stringent cost control and improvement of efficiency have become primary strategies to maintain the profit margin in our industry.

Upcoming, we foresee that the retail sales will be further slashed by the lately imposed policy which limits cross-border visits from Shenzhen's permanent residents to Hong Kong. We expect that the recent China stock turmoil will continue to bring negative impact to the market and thus, lower consumer confidence. We know that in order to thrive, we will need to adapt, both in terms of diversifying and in terms of operation capability. We are confident that our mass market multiple brand strategy and our commitment to reform will help to weather these challenges.

Business Review

In the first quarter of the fiscal 2015/2016, the Group continued to focus on business restructuring and margin improvement. The Group's revenue recorded a mild growth of 6%, to HK\$127.7 million. The loss amounted to HK\$8.7 million which is fairly the same as that of the same period last year.

As outlined in our annual report for the fiscal year 2014/2015, the management has resolved to take a step back to re-evaluate and strengthen different aspects of the business after years of rapid business expansion. During the period under review, we adhered to the strategy of prudent expansion and disciplined operation. While we review our operation capability of those underperformed stores, we have also slowed down our network expansion plan and tried to focus our new store openings toward brands that have higher return on investments, hoping to shorten the time for realizing our return.

Given our long-term positive outlook for Mainland China, a strong operational foundation will be essential to drive our future growth in this mass market. During the period under review, we had concluded an acquisition of a logistic and production center in Shanghai. This 1,000 square meter manufacturing center will help to boost the processing capabilities of our Shanghai operation and meet the growing needs to the expanding store number in the region.

Our lately introduced business initiation, brand licensing and management is in progress. As of the end of the reviewed period, 1 licensed store under the Japanese curry specialty concept was in operation in the PRC. We expect 2 to 3 more licensed stores will be opened in the coming quarters. As this license-led business is a very different business model comparing with direct store operation, further time and efforts will be needed for both our management and operation team to exploit this business opportunity.

During the period under review, our flagship brand, the restaurants, café and cake shops continued on its stable growth. As it is already a well-recognized brand in Hong Kong, we shifted our business strategy from rapid new store openings to brand reinforcement, constant innovation of product offerings and customer relationships. In late June this year, we initiated a new product line, summer cup dessert to elevate sales. Also, as our all-day breakfast has been warmly accepted by the market, we have extended this new product offer to more stores in Hong Kong. Despite our success in the home market, the performance of this concept in Mainland China and Taiwan did not reach our expectations. We know that we could perform better in various fronts, including our ability in the areas of operation efficiency, product consistency and production infrastructure. In the coming quarters, we will focus on these fronts in order to drive profitability of this concept in the PRC market.

Another core brand, the Japanese tonkatsu concept continues to contribute income to the Group, however, the importance of which is decreasing. For the past quarters, we observed setbacks in this brand which is mainly attributable to closing down of two stores upon lease expiry and other emerging dining trends have drawn away the customer flow. However, we still believe in this brand concept and we are working hard to improve the sales. In Shanghai, the IFC store, being the very first shop of this concept in the PRC, stayed strong. The two other stores, however, had underperformed as the customer flow in the region was insufficient to lift the sales. We believe that the current customer flow issues is temporary and we remain optimistic about this dining concept in the PRC.

During the period under review, the Taiwanese Beef Noodle concept continued to make reasonable contribution to the cashflow and return of the Group. Thanks to the clear and compelling market positioning, it has become one of the leading brands of Taiwanese dining chain in Hong Kong. As we start to enjoy the benefits of scale along with our expansion, the costs for maintaining service quality and product consistency are becoming higher and higher. Our ongoing efforts to improve the operating efficiency are crucial for sustaining the success in this brand. In the coming quarters, we will further consider if directing more resources to develop this concept in Hong Kong and other affluent markets in the PRC.

Meanwhile, sales of other concepts operated by the Group were stable in general though performance of some individual stores was disappointing. We are working to drive more customer trials through sharper products and price offers and we are confident that our efforts will translate into brand value soon.

Future Prospects

Looking ahead, we will adhere to our multi-brand strategy and continue to reinforce our operation through a prudent and disciplined approach. Under such a tough operating environment and the increasing competition in the F&B industry, we are refining our business model and we will explore opportunities to realize brand value, including disposal of certain brand concept when opportunities arise.

For our operations outside Hong Kong, despite the cooling down of economic growth in the PRC, we are still positive about the potential growth in this market. Upcoming, we will continue to grow through new store openings and new concepts initiations. Taiwan, our another overseas division, though currently at a comparative small scale, is another market with enormous potential. We are working out solutions to improve various aspects in the operation in this market and we are making progress. We believe that our tremendous effort will pay back in the near future. After the reviewed period, we have disposed of our tiny overseas operations in Japan which will help us to focus on the development of the more promising Greater China market. We know we have a long runway ahead of us and are making the decisions necessary to drive future growth for the Company and our shareholders.

FINANCIAL REVIEW

Consolidated results of operations

For the three months ended 30 June 2015, the Group recorded turnover of HK\$127.7 million (2014: HK\$120.8 million), the turnover increased by 6% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$8.5 million (2014: HK\$8.3 million).

The gross profit margin of the Group was 70% (2014: 69%).

Total operating expenses increased by 7% to HK\$95.7 million (2014: 89.5 million) due to the fact that the Group operated more stores especially in the PRC compared with corresponding period last year.

After the period under review on 10 August 2015, the maturity date of the convertible bond issued to Strong Venture in the principal amount of HK\$80 million has been extended for 36 months to 15 August 2018, i.e. from the date falling on the third anniversary to the sixth anniversary of the date of the issue of the convertible bond. Save and except the amendment to the maturity date, all the terms and conditions in the convertible bond remain unchanged, valid and in force.

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

During the three months ended 30 June 2015, 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 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 in the ordinary shares of the Company

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

Notes:

1. Mr. Tang is the founder and one of the beneficiaries of Piety Trust ("Family Trust"), a discretionary family trust for the benefit of certain family members of Mr. Tang. The said 1,673,810,083 shares are held by First Glory Holdings Limited ("First Glory") which is wholly-owned by Glory Sunshine Holding Limited ("Glory Sunshine"). In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust. Mr. Tang is therefore deemed to be interested in the said 1,673,810,083 shares under Part XV of the SFO.

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

2. Ms. Ho Ming Yee ("Ms. Ho"), the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
3. Based on 2,242,950,000 shares of the Company in issue as at 30 June 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 (Note 3)
Mr. Tang (Note 2)	Interest in corporation	1,000,000,000 (Note 1)	44.58%

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

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:

1. The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the principal amount of HK\$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bond held by Strong Venture.
2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
3. Based on 2,242,950,000 shares of the Company in issue as at 30 June 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 30 June 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 30 June 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	Approximate percentage of the issued capital (Note 4)
HSBC Trustee (Cook Islands) Limited (Note 1)	Interest in corporation	1,673,810,083	74.63%
Glory Sunshine (Note 1)	Interest in corporation	1,673,810,083	74.63%
First Glory (Note 1)	Beneficial owner	1,673,810,083	74.63%
Strong Venture (Note 2)	Beneficial owner	1,000,000,000	44.58%
Ms. Ho (Note 3)	Interest in spouse	2,698,810,083	120.32%

Notes:

1. The said 1,673,810,083 shares of the Company are held by First Glory. First Glory is wholly-owned by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust.
2. The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued by the Company in the principal amount of HK\$80 millions pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO in the Convertible Bond held by Strong Venture.

3. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. Please refer to the section headed “Directors’ interests in the securities of the Company or any associated corporations” for further details.
4. Based on 2,242,950,000 shares of the Company in issue as at 30 June 2015.

SHARE OPTIONS

As at 30 June 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 HK\$	Outstanding at 1.4.2015 and 30.6.2015
Category 1:				
Directors				
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	500,000

	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1.4.2015 and 30.6.2015
Category 2: Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	5,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	5,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,400,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	4,500,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,600,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,500,000
Total of all categories				<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, 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, 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 but are not limited to the following: Joy & Joy 喜双逢, Xia Mian Guan 夏麵館, 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 and 大門. 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).

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which include Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand Xia Fei 霞飛, 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) and their locations, 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 2015, the audit committee had held one meeting and had reviewed the draft quarterly report and accounts for the period ended 30 June 2015 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

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

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.