



epicurean | 惟膳
Epicurean and Company, Limited
惟膳有限公司

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

INTERIM REPORT
FOR THE PERIOD ENDED
30 SEPTEMBER 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Consolidated turnover of the Company and its subsidiaries (collectively the “Group”) was HK\$264.9 million for the period under review, representing an increase of 6% compared with HK\$250.6 million recorded in the corresponding period last year.

Loss attributable to owners of the Company decreased to HK\$2.8 million from HK\$13.9 million.

During the period under review, the Group had disposed of the entire equity interest in (i) Jazzman Holdings Limited and its subsidiaries in order to dispose of the Group’s tiny overseas operations in Japan; and (ii) Alworth Limited and its subsidiaries in order to dispose of the separate lines of business, under the brand names of Xiao Wang Beef Noodle and Xia Fei. The gains on disposal of which were HK\$880,000 and HK\$10.1 million respectively.

INTERIM RESULTS

The board of directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated interim financial statements of the Group for the period ended 30 September 2015, together with the comparative unaudited consolidated figures for the corresponding period last year:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months ended 30 September 2015

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Turnover	2	264,920	250,565	137,222	129,764
Cost of sales		(79,916)	(78,438)	(41,728)	(40,483)
Gross profit		185,004	172,127	95,494	89,281
Other income		11,985	740	11,610	392
Operating expenses		(193,835)	(181,804)	(98,150)	(92,307)
Operating profit/(loss)		3,154	(8,937)	8,954	(2,634)
Finance costs	3(a)	(3,988)	(3,904)	(2,013)	(1,974)
(Loss)/profit before income tax	3	(834)	(12,841)	6,941	(4,608)
Income tax expense	4	(2,183)	(1,412)	(1,303)	(1,058)
(Loss)/profit for the period		<u>(3,017)</u>	<u>(14,253)</u>	<u>5,638</u>	<u>(5,666)</u>
(Loss)/profit for the period attributable to:					
Owners of the Company		(2,798)	(13,890)	5,690	(5,545)
Non-controlling interests		(219)	(363)	(52)	(121)
		<u>(3,017)</u>	<u>(14,253)</u>	<u>5,638</u>	<u>(5,666)</u>
(Loss)/earnings per share (HK cents)	5				
– Basic		<u>(0.12)</u>	<u>(0.62)</u>	<u>0.25</u>	<u>(0.25)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>0.19</u>	<u>N/A</u>

	For the six months ended 30 September		For the three months ended 30 September	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period	<u>(3,017)</u>	<u>(14,253)</u>	<u>5,638</u>	<u>(5,666)</u>
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:-				
Exchange gain arising from translation of financial statements of foreign operations	<u>454</u>	<u>154</u>	<u>331</u>	<u>178</u>
Total comprehensive (loss)/ income for the period	<u>(2,563)</u>	<u>(14,099)</u>	<u>5,969</u>	<u>(5,488)</u>
Total comprehensive (loss)/ income for the period attributable to:-				
Owners of the Company	<u>(2,340)</u>	<u>(13,736)</u>	<u>6,025</u>	<u>(5,367)</u>
Non-controlling interests	<u>(223)</u>	<u>(363)</u>	<u>(56)</u>	<u>(121)</u>
	<u>(2,563)</u>	<u>(14,099)</u>	<u>5,969</u>	<u>(5,488)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Plant and equipment		43,675	56,761
Goodwill on consolidation		61,027	60,031
Other intangible assets		24,327	26,468
Deferred tax assets		7,285	11,235
		136,314	154,495
CURRENT ASSETS			
Inventories		5,897	6,434
Debtors, deposits and prepayments	6	37,775	51,847
Income tax recoverable		410	120
Cash and cash equivalents		37,606	49,628
		81,688	108,029
DEDUCT:			
CURRENT LIABILITIES			
Convertible bonds		–	79,625
Loan from a director		53,200	81,700
Obligations under finance lease		319	698
Bank loans, secured		23,589	26,293
Creditors, accruals and deposits received	7	61,925	69,500
Income tax payable		1,551	2,840
		140,584	260,656
NET CURRENT LIABILITIES		(58,896)	(152,627)

	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	77,418	1,868
NON-CURRENT LIABILITIES		
Convertible bonds	80,000	–
Deferred tax liabilities	3,140	2,788
Other payables	1,820	3,502
	84,960	6,290
NET LIABILITIES	(7,542)	(4,422)
REPRESENTING:		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	22,430	22,430
Reserves	(30,405)	(27,508)
	(7,975)	(5,078)
Non-controlling interests	433	656
TOTAL EQUITY	(7,542)	(4,422)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 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	-	-	-	-	-	-	-	(183)	(183)	98	(85)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	146	-	-	146	-	146
Share option lapsed	-	46	-	-	-	(46)	-	-	-	-	-
Comprehensive loss											
Loss for the period	-	(13,890)	-	-	-	-	-	-	(13,890)	(363)	(14,253)
Other comprehensive income:- Exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	154	-	-	-	154	-	154
Total comprehensive loss for the period	-	(13,890)	-	-	154	-	-	-	(13,736)	(363)	(14,099)
At 30.9.2014 (unaudited)	<u>22,430</u>	<u>(148,131)</u>	<u>135,200</u>	<u>3,801</u>	<u>(33)</u>	<u>1,920</u>	<u>2,521</u>	<u>(258)</u>	<u>17,450</u>	<u>562</u>	<u>18,012</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	-	-	-	-	-	9	-	-	9	-	9
Release upon disposal of subsidiaries	-	-	-	-	(566)	-	-	-	(566)	-	(566)
Comprehensive loss											
Loss for the period	-	(2,798)	-	-	-	-	-	-	(2,798)	(219)	(3,017)
Other comprehensive income:- Exchange gain arising from translation of financial statements of foreign operations	-	-	-	-	458	-	-	-	458	(4)	454
Total comprehensive loss for the period	-	(2,798)	-	-	458	-	-	-	(2,340)	(223)	(2,563)
At 30.9.2015 (unaudited)	<u>22,430</u>	<u>(173,682)</u>	<u>135,200</u>	<u>3,801</u>	<u>(16)</u>	<u>2,029</u>	<u>2,521</u>	<u>(258)</u>	<u>(7,975)</u>	<u>433</u>	<u>(7,542)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2015	2014
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
NET CASH FROM OPERATING ACTIVITIES	9,035	9,888
NET CASH USED IN INVESTING ACTIVITIES	(36,446)	(20,751)
NET CASH FROM FINANCING ACTIVITIES	<u>15,362</u>	<u>24,819</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,049)	13,956
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	49,628	27,233
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	<u>27</u>	<u>182</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>37,606</u></u>	<u><u>41,371</u></u>

ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 30 September 2014 (Unaudited) <i>HK\$'000</i>
Cash and bank balances	<u><u>37,606</u></u>	<u><u>41,371</u></u>

Notes:

1. BASIS OF PREPARATION

- (a) These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosures required by the GEM Listing Rules.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

These condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 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 2015. 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 financial statements and amounts reported for the current period and prior periods.

These condensed consolidated financial statements have been prepared under the historical cost convention.

(b) Adoption of the going concern basis

When preparing the unaudited consolidated interim results, the Group’s ability to continue as a going concern has been assessed. These unaudited consolidated interim results have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a loss of HK\$3,017,000 for the period ended 30 September 2015 and as of that date, the Group had net current liabilities and net liabilities of HK\$58,896,000 and HK\$7,542,000 respectively as the Directors considered that:–

- (1) Mr. Tang Sing Ming Sherman (“Mr. Tang”), who, as at 30 September 2015, provided loans to the Group of HK\$53,200,000 and is also the sole beneficial owner of 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 52.33% interest in the Company. Subsequent to the period ended 30 September 2015, Mr. Tang exercised partially the conversion rights attaching to the convertible bond in respect of the principal amount of HK\$40,000,000 of the convertible bond at the conversion price of HK\$0.08 per conversion share; and
- (2) The Group had unutilized banking facilities of HK\$18,411,000 as at 30 September 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 interim 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 six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision of food and beverage services	264,920	250,565

3. LOSS BEFORE INCOME TAX

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:		
(a) Finance costs:		
Interests on bank loans and overdrafts repayable within five years	398	340
Interest expense on convertible bonds	802	802
Imputed interest expense on convertible bonds	375	469
Finance charge on obligations under finance lease	9	22
Other bank charges	2,404	2,271
	3,988	3,904
(b) Other items:		
Amortization of other intangible assets	571	384
Depreciation	15,621	16,367

4. INCOME TAX

Taxation in the profit or loss represents:

	For the six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	2,106	2,337
Deferred tax	77	(925)
	2,183	1,412

- (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 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).

5. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for all periods presented is based on (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares of 2,242,950,000 in issue during all periods.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 September 2014 and 2015 except for the three months period ended 30 September 2015.

Diluted earnings per share for the three months period ended 30 September 2015 is based on the adjusted profit attributable to owners of the Company for the period of HK\$6,229,000 and on the weighted average number of 3,272,956,250 ordinary shares, calculated as follows:

Adjusted profit attributable to owners of the Company

	For the three months period ended 30 September 2015 (Unaudited) HK\$'000
Profit attributable to owners of the Company	5,690
Interest expenses for the period relating to the liability component of the convertible bonds	539
	<hr/>
Adjusted profit attributable to owners of the Company	6,229
	<hr/> <hr/>

Weighted average number of ordinary share

	As at 30 September 2015 (Unaudited)
Issued ordinary shares at 1 July 2015	2,242,950,000
Weighted average number of shares under option	65,500,000
Weighted average number of shares under option that would have been issued at average market price for the three months ended 30 September 2015	(35,493,750)
Number of ordinary shares resulting from conversion of bonds	1,000,000,000
	<hr/>
Weighted average number of ordinary shares for the three months ended 30 September 2015	3,272,956,250
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6. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
Trade debtors	8,313	8,469
Rental and utility deposits	24,899	38,631
Prepayments	3,859	4,156
Other debtors	704	591
	<u>37,775</u>	<u>51,847</u>

(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 are entitled to a 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 reporting period:

	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
0 – 30 days	7,118	7,084
31 – 60 days	842	709
61 – 90 days	44	345
91 – 180 days	144	11
181 – 365 days	165	320
	<u>8,313</u>	<u>8,469</u>

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

The aging analysis of trade debtors that were not considered to be impaired was as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Neither past due nor impaired	<u>7,106</u>	<u>7,062</u>
Past due but not impaired:		
1 – 30 days	832	823
31 – 60 days	34	262
61 – 90 days	50	6
91 – 180 days	131	7
181 – 365 days	<u>160</u>	<u>309</u>
	<u>1,207</u>	<u>1,407</u>
	<u>8,313</u>	<u>8,469</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.

7. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
Trade creditors	21,791	28,010
Accruals and provisions	28,472	30,598
Other creditors	13,482	14,394
	<u>63,745</u>	<u>73,002</u>
Less: Classified in non-current liabilities	(1,820)	(3,502)
	<u>61,925</u>	<u>69,500</u>

The following is an aging analysis of trade creditors:

	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
0 – 30 days	13,375	16,107
31 – 60 days	5,449	10,432
61 – 90 days	1,087	288
91 – 180 days	880	573
Over 180 days	1,000	610
	<u>21,791</u>	<u>28,010</u>

8. ACQUISITION OF SUBSIDIARIES

During the period ended 30 September 2015, the Group completed the acquisition of 100% equity interest in a group of companies, which are the logistic and production centre in Shanghai, at a total consideration of HK\$6 million (subject to adjustment).

The net assets acquired and goodwill from the above acquisition were as follows:

	2015 (Unaudited) HK\$'000
Net assets acquired:	
Plant and equipment	1,645
Other intangible assets	1,772
Inventories	337
Debtors, deposits and prepayments	404
Cash and bank balances	68
Creditors, accruals and deposits received	(837)
Deferred tax liabilities	(527)
	<hr/>
	2,862
Goodwill on acquisition of interests in subsidiaries	3,138
	<hr/>
Consideration for acquisition of subsidiaries	6,000
	<hr/> <hr/>
Consideration for acquisition of subsidiaries:	
Cash consideration paid	3,000
Other creditors	3,000
	<hr/>
	6,000
	<hr/> <hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	(3,000)
Cash and bank balances acquired	68
	<hr/>
	(2,932)
	<hr/> <hr/>

9. DISPOSAL OF SUBSIDIARIES

During the period ended 30 September 2015, the Group disposed of the entire equity interest in (i) Jazzman Holdings Limited and its subsidiaries (collectively referred as to the “Jazzman Group”) to Speedway Limited, which is wholly and beneficially owned by a director of the Company, Mr. Tang, at a total consideration of HK\$1.7 million, in order to dispose of the Group’s tiny overseas operations in Japan; and (ii) Alworth Limited and its subsidiaries, (collectively referred as to the “Alworth Group”) to Simply Global Investments Limited, which is wholly and beneficially owned by Mr. Tang, at a total consideration of HK\$45 million, in order to dispose of two separate lines of business, under the brand names of Xiao Wang Beef Noodle and Xia Fei.

The net assets of the above subsidiaries being disposed of were as follows:–

	Jazzman Group (Unaudited) <i>HK\$ '000</i>	Alworth Group (Unaudited) <i>HK\$ '000</i>	2015 Total (Unaudited) <i>HK\$ '000</i>
Net assets disposed of:–			
Plant and equipment	748	11,972	12,720
Goodwill on consolidation	–	2,140	2,140
Intangible assets	105	3,267	3,372
Deferred tax assets	–	4,278	4,278
Inventories	65	823	888
Debtors, deposits and prepayments	729	15,435	16,164
Amounts due from fellow subsidiaries	–	221	221
Cash and bank balances	132	18,387	18,519
Creditors, accruals and deposits received	(379)	(16,444)	(16,823)
Bank loan, secured	–	(1,945)	(1,945)
Income tax payable	–	(2,457)	(2,457)
Amounts due to fellow subsidiaries	–	(165)	(165)
Deferred tax liabilities	–	(581)	(581)
	<hr/>	<hr/>	<hr/>
Net assets disposed of	1,400	34,931	36,331
Release of exchange reserve	(566)	–	(566)
	<hr/>	<hr/>	<hr/>
	834	34,931	35,765
Gain on disposal of subsidiaries	880	10,069	10,949
	<hr/>	<hr/>	<hr/>
Total consideration	1,714	45,000	46,714
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total consideration satisfied by:–			
Cash consideration	1,714	–	1,714
Loan from a director	–	45,000	45,000
	<hr/>	<hr/>	<hr/>
	1,714	45,000	46,714
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net cash outflow arising on disposal:			
Cash consideration received	1,714	–	1,714
Cash and bank balances disposed of	(132)	(18,387)	(18,519)
	<hr/>	<hr/>	<hr/>
	1,582	(18,387)	(16,805)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had the following related party and connected transactions under the GEM Listing Rules during the period:

Except for loan from a director and disposal of subsidiaries as disclosed in note 9, the Group had the following material transactions with its related parties in which a Director has controlling interest under the GEM Listing Rules during the period:

	<i>Note</i>	For the six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
(i) Interest expense on convertible bonds to Strong Venture Limited ("Strong Venture") #	(a)	802	802
(ii) Rental expenses to Joint Allied Limited ("Joint Allied") ##	(b)	685	686
(iii) Rental expenses to Assets Partner Limited ("Assets Partner") ##	(b)	936	936
(iv) Rental expenses to Jebson Development Limited ("Jebson Development") ##	(b)	360	228
		<u>2,903</u>	<u>2,780</u>

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 interest rate was determined at 2% per annum as set out in the subscription agreement of the Company dated 15 August 2012.
- (b) The transaction was entered based on normal commercial terms.

The Directors have reviewed the above related party and connected transactions and are of the opinion that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary 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 shareholders of the Company (the "Shareholders") as a whole.

Key management compensation

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Fees for key management personnel	180	180
Salaries, allowances and other benefits in kind	2,658	2,436
Retirement scheme contributions	57	51
Equity-settled share-based payment expenses	8	113
	<u>2,903</u>	<u>2,780</u>

11. SEGMENT 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 allocate 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	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2015	2014	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	45,762	33,319	219,158	217,246	264,920	250,565
Other revenue	377	5	11,608	735	11,985	740
Total revenue	<u>46,139</u>	<u>33,324</u>	<u>230,766</u>	<u>217,981</u>	<u>276,905</u>	<u>251,305</u>
Non-current assets	<u>24,150</u>	<u>19,076</u>	<u>104,879</u>	<u>135,121</u>	<u>129,029</u>	<u>154,197</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; the location of the operation to which they are allocated in the case of intangible assets and goodwill.

(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 periods ended 30 September 2015 and 2014.

12. SUBSEQUENT EVENTS

- (a) On 9 October 2015, the Company has allotted and issued 500,000,000 ordinary shares of the Company to Mr. Tang upon receiving conversion notices from Mr. Tang for the partial exercise of the conversion rights attaching to the convertible bond issued by the Company in respect of the principal amount of HK\$40,000,000 of the convertible bond at the conversion price of HK\$0.08 per conversion share.
- (b) On 9 October 2015 and 14 October 2015, the Company has allotted and issued 29,000,000 ordinary shares of the Company to a director and employees ("Option Grantees") of the Company and its subsidiaries upon exercise of share options by the Option Grantees under share option schemes adopted on 26 February 2003 and 20 July 2012 (collectively referred to as the "Share Option Schemes") by the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover for the interim period ended 30 September 2015 amounted to HK\$264.9 million (2014: HK\$250.6 million), representing an increase of 6% compared with the same period of the last financial year. Net loss attributable to owners of the Company decreased by HK\$11.1 million to HK\$2.8 million.

Industry Overview

The global economy remained sluggish in the first half of fiscal year 2015/2016, and was headlined by the news, including the debt crisis of the Greek government, the imminent increase in the US interest rate, the deceleration of growth in China's economy and the refugee crisis in Europe. The sudden slides in the stock markets in China and Hong Kong in the second quarter of fiscal year 2015/2016 further depressed the already weak market sentiment in these regions. In the meantime, the recent appreciation of Hong Kong dollars and devaluation of Renminbi and the conflicts between Hong Kong locals and mainland PRC travelers dampened heavily the business of retail industry in Hong Kong.

Despite the indication that rent in tourist shopping areas has a mild downward adjustment due to the drop in the number of mainland Chinese tourists in Hong Kong, rental costs remain significantly high in the Food & Beverage ("F&B") industry in Hong Kong. Pressures from rising price of food, manpower cost and utilities are enduring, especially due to the periodic debate on the mandatory wage floor and the occasional onslaughts of food safety concerns.

As one of the major F&B operators, who could embrace changes with flexible marketing strategies and efficient operational reactions, we would survive and grow in the period of austerity. We also believe that the Group can stand firmly and strive for growth in this tough operating environment by adopting our multi-brand strategy.

Business Overview

Italian Tomato, our flagship brand of restaurants, café and cake shops, has already become a well-recognized brand in Hong Kong. Efforts have been emphasized on brand reinforcement, product innovation and customer relation during the period under review. On one hand, we treasure our customer relationship in heart and aim to introduce Italian Tomato as a usual dining room into our customers' daily life, such as having a fresh start from a morning breakfast, lunch break with friends for chatting and business partners for casual meeting, and relaxing dinner after work or delightful dinner for celebrating memorable moment in seasonal and special occasions. On the other hand, electronic communication via internet and smartphone has an influencing power on nowadays consumption pattern, with this in mind, we continue to strengthen our platform in customer relation by leveraging a combination of social and digital media and "Tomato Club Member Zone", and our online membership system provides an alternative channel to our customers for accessing the latest news of our stores.

While the Group's Japanese tonkatsu brand, another core brand of the Group, continues to contribute income to the Group, its importance is decreasing due to the close down of two stores upon lease expiry in the past quarters and different emerging dining trends that have drawn away the customer flow. We are now making modifications to improve the brand as we still believe in this tonkatsu concept. The IFC store in Shanghai, 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 relevant region was insufficient. We believe the customer flow is a temporary issue and we remain optimistic about this dining concept in the PRC.

During the period under review, we observed a minor improvement in terms of total sales under the Japanese curry brand concept, which was mainly attributable to enhanced operation capability and the close down of certain underperformed stores in Hong Kong. As of the date of this report, we operate 7 stores in Hong Kong and Mainland China. Although revenue generated by this concept is not very significant compared to other brands in the Group, it has been bringing a stable income to the Group throughout the years. We believe that there is more we can achieve with this dining concept. Therefore, we will continue to work on customer value and product choices. We expect that this brand will become another iconic brand to the Group soon.

For the remaining brands of the Group, as they are relatively new in the F&B industry, we are concentrating on brand building and marketing works at this stage and striving for a breakthrough, and, meanwhile, we will closely monitoring on marketing expenditure. We are looking forward to translating the brands' value to growth in sales and contribution to profit in near future.

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

We continue to bring business initiatives to diversify our sources of income, brand licensing and management. As at the end of the period under review, 1 licensed store under the Japanese curry brand concept was in operation in the PRC; 2 more licensed stores have been opened in October 2015 and more licensed stores are expected to be opened in the coming quarters. As this licensing business is a very different business model comparing with the direct store operation, further time and efforts are required for both our management and operation team to advance in this business model.

In September 2015, the Group disposed of two separate lines of restaurant business, namely, (i) the restaurants with the concept of Taiwanese beef noodles operated under the brand name of Xiao Wang Beef Noodle; and (ii) the Shanghaiese dining restaurants operated under the brand name of Xia Fei. We believe that the disposal would enable the Group to focus on the development of its Japanese food-related brands in the Greater China market. The disposal would potentially enhance the popularity and recognition of the Group's Japanese food-related brands, and customers would more easily identify the Group as specializing in food and beverage operations under those Japanese concepts.

Future Prospects

F&B industry is always a challenging industry with intense competition, we continuously refine the business focus on our multi-brand strategy to cope with the enduring challenge. The recent disposal of Xiao Wang Beef Noodle and Xia Fei allows the Group to enhance its specialty on Japanese cuisine, and reinforce the Group's image as an epicurean of Japanese cuisine in the market.

The Group's businesses in both PRC and Taiwan markets are being promoted according to our plan. The growth potential is still considered positive in the long term despite the current cooling down of economic growth, as these economies with a mass consumer base certainly has plenty of rooms for accommodating our traditional and trendy dining concepts with quality, safety and variety. Four stores are being planned for grand opening in the PRC in the coming quarters to introduce the market to new dining experiences, attract new customers, gain media attention and expand the Group's appearance in the PRC, while the disposal and acquisition plans may be considered for streamlining the Group's business in the PRC as well.

To weather the challenging environment, we are dynamic in exploring new dining concepts but disciplined on realization of business plans. It is hard to know when the sluggish market takes a turn for the better or the economy revives. Under the existing market condition, diversification in terms of business and income source is important to the Group's sustainability. Therefore, we will not exclude the possibilities to evolve through business opportunities other than the existing concepts. We are endeavoring to grow stronger in the market and increase the company value to our shareholders. Finally, the management would like to extend its sincerest appreciation to all employees for their dedication to the challenges, and express its sincerest gratitude to all business partners and shareholders for their continuous support to the Group.

FINANCIAL REVIEW

For the six months ended 30 September 2015, the Group recorded turnover of HK\$264.9 million (2014: HK\$250.6 million), the turnover increased by 6% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$2.8 million (2014: HK\$13.9 million).

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

Total operating expenses increased by 7% to HK\$193.8 million (2014: HK\$181.8 million) due to the fact that the Group operated more stores especially in the PRC comparing with corresponding period last year.

During the period under review, 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 for the amendment to the maturity date, all the terms and conditions of the convertible bond remain unchanged and shall be valid and continue in full force and effect. Subsequent to the period ended 30 September 2015, the bondholder exercised partially the conversion rights attaching to the convertible bond in respect of the principal amount of HK\$40,000,000 of the convertible bond at the conversion price of HK\$0.08 per conversion share.

Financial Resources and Liquidity

As at 30 September 2015, current assets amounted to HK\$81.7 million (at 31 March 2015: HK\$108.0 million) of which HK\$37.6 million (at 31 March 2015: HK\$49.6 million) was cash and bank deposits, HK\$37.8 million (at 31 March 2015: HK\$51.8 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK\$140.6 million (at 31 March 2015: HK\$260.7 million), including creditors, accruals and deposits received in the amount of HK\$61.9 million (at 31 March 2015: HK\$69.5 million).

Current ratio and quick assets ratio were 0.58 and 0.54 respectively (at 31 March 2015: 0.41 and 0.39 respectively). As the Company incurred net liabilities as at 30 September 2015 and 31 March 2015, there was no debt-to-equity ratio, expressed as a ratio of total debts less pledged bank deposit and cash and bank balances to total equity to be calculated. As at 30 September 2015, the convertible bond amounted to HK\$80 million will not be repayable within twelve months, it was treated as non-current liabilities whereas it was included in the current liabilities as at 31 March 2015.

Foreign Exchange

The Group received income from sales in the PRC, Taiwan and Japan denominated in Renminbi, New Taiwan Dollar and Yen respectively. Fluctuation in exchange rates of Renminbi, New Taiwan Dollar and Yen against Hong Kong Dollar could affect the Group's results of operations. During both periods for the six months ended 30 September 2015 and 2014, no hedging transaction 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 30 September 2015 as well as pledged bank deposit and assets pledged as security for obligations under finance lease at 31 March 2015, no Group's assets which had been pledged or charged as at 30 September 2015 and 31 March 2015.

Capital Commitments

As at 30 September 2015 and 31 March 2015, the Group did not have any material capital commitments.

Contingent Liabilities

As at 30 September 2015 and 31 March 2015, the Group did not have any contingent liabilities.

Subsequent Events

- (a) On 9 October 2015, the Company has allotted and issued 500,000,000 ordinary shares of the Company to Mr. Tang upon receiving conversion notices from Mr. Tang for the partial exercise of the conversion rights attaching to the convertible bond issued by the Company in respect of the principal amount of HK\$40,000,000 at the conversion price of HK\$0.08 per conversion share.

- (b) On 9 October 2015 and 14 October 2015, the Company has allotted and issued 29,000,000 ordinary shares of the Company to Option Grantees of the Company and its subsidiaries upon exercise of some share options under Share Option Schemes by the Option Grantees.

Save as disclosed above, during the six months ended 30 September 2015 and 2014, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and Remuneration Policies

As at 30 September 2015, the Group had 850 employees in Hong Kong, the PRC and Taiwan (at 31 March 2015: 1,103 employees in Hong Kong, the PRC, Taiwan and Japan). Remuneration is determined with 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 for their contributions. Other fringe benefits such as medical subsidy, medical insurance, 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 Share Option Schemes adopted on 26 February 2003 and 20 July 2012.

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

During the six months ended 30 September 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 September 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 (Note 2)	Beneficiary of a trust	1,173,810,083 (Note 1)	52.33%

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 1,173,810,083 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 1,173,810,083 shares under Part XV of the SFO.

In addition, as at 30 September 2015, Mr. Tang is also the sole legal and beneficial owner of the convertible bond issued by the Company in the principal amount of HK\$80 million (“Convertible Bond”) pursuant to which a total of 1,000,000,000 ordinary shares of the Company would be issued upon full conversion at the conversion price of HK\$0.08 per share. Mr. Tang exercised partially the conversion right attaching to the Convertible Bond in respect of the principal amount of HK\$40 million at the conversion price of HK\$0.08 per share and, as such, 500,000,000 ordinary shares of the Company were issued to Mr. Tang on 9 October 2015. After the conversion, as at the date of this report, Mr. Tang held the Convertible Bond issued by the Company in the outstanding principal amount of HK\$40 million pursuant to which a total of 500,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK\$0.08 per share.

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 September 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 <i>HK\$</i>	Exercisable period	Approximate percentage of the issued share capital <i>(Note 3)</i>	Number of share options outstanding
Mr. Tang <i>(Note 2)</i>	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2015 to 18 April 2023	0.22%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
					31,000,000

Notes:

1. The said 1,000,000,000 shares of the Company represent the total number of conversion shares which would be issued upon full conversion of the Convertible Bond held 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 would be issued upon full conversion at the conversion price of HK\$0.08 per share.

Mr. Tang exercised partially the conversion right attaching to the Convertible Bond in respect of the principal amount of HK\$40 million at the conversion price of HK\$0.08 per share and, as such, 500,000,000 ordinary shares of the Company were issued to Mr. Tang on 9 October 2015. After the conversion, as at the date of this report, Mr. Tang held the Convertible Bond issued by the Company in the outstanding principal amount of HK\$40 million pursuant to which a total of 500,000,000 ordinary shares of the Company will 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.
3. Based on 2,242,950,000 shares of the Company in issue as at 30 September 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

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

Notes:

1. The Convertible Bond was issued by the Company in the principal amount of HK\$80 million, pursuant to which a total of 1,000,000,000 ordinary shares of the Company would be issued upon full conversion at the conversion price of HK\$0.08 per share.

Mr. Tang exercised partially the conversion right attaching to the Convertible Bond in respect of the principal amount of HK\$40 million at the conversion price of HK\$0.08 per share and, as such, 500,000,000 ordinary shares of the Company were issued to Mr. Tang on 9 October 2015. After the conversion, as at the date of this report, Mr. Tang held the Convertible Bond issued by the Company in the outstanding principal amount of HK\$40 million pursuant to which a total of 500,000,000 ordinary shares of the Company will 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 September 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 September 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 3)
HSBC Trustee (Cook Islands) Limited (<i>Note 1</i>)	Interest in corporation	1,173,810,083	52.33%
Glory Sunshine (<i>Note 1</i>)	Interest in corporation	1,173,810,083	52.33%
First Glory (<i>Note 1</i>)	Beneficial owner	1,173,810,083	52.33%
Ms. Ho (<i>Note 2</i>)	Interest in spouse	2,198,810,083	98.03%

Notes:

1. The said 1,173,810,083 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. 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. Based on 2,242,950,000 shares of the Company in issue as at 30 September 2015.

SHARE OPTIONS

As at 30 September 2015, options under Share Option Schemes to subscribe for an aggregate of 67,500,000 shares of the Company 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 30.9.2015
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 30.9.2015
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	<u>5,500,000</u>
Total of all categories				<u><u>67,500,000</u></u>

After the period under review, as discussed above, the Company has allotted and issued 29,000,000 ordinary shares of the Company to the Option Grantees upon exercise of some share options by the Option Grantees.

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, 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, 大門, Xia Fei 霞飛, Xiao Wang Beef Noodle 小王牛肉麵 and Avenue Joffre at Sentosa 聖淘沙霞飛路. 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, 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) 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 six months ended 30 September 2015, the audit committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2015 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the six months ended 30 September 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 six months ended 30 September 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.

On behalf of the Board
Tang Sing Ming Sherman
Chairman

Hong Kong, 9 November 2015

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

This report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting.