



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 2013**

## **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 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 2013**

Consolidated turnover was HK\$196.3 million for the period under review, representing an increase of 130% compared with HK\$85.2 million recorded in the corresponding period last year.

Loss attributable to owners of the Company decreased to HK\$4.6 million from HK\$12.1 million.

## INTERIM RESULTS

The board of directors (the “Board”) of the Company hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the period ended 30 September 2013, together with the comparative unaudited consolidated figures for the corresponding period last year:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

*For the six months ended 30 September 2013*

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>					
Turnover	2	196,268	83,706	103,538	50,295
Cost of sales and services rendered		(62,331)	(27,455)	(32,839)	(17,656)
Gross profit		133,937	56,251	70,699	32,639
Other income		1,089	550	543	337
Operating expenses		(135,512)	(61,534)	(71,291)	(35,321)
Operating loss		(486)	(4,733)	(49)	(2,345)
Finance costs	3(a)	(3,246)	(2,778)	(1,659)	(1,774)
Loss before income tax	3	(3,732)	(7,511)	(1,708)	(4,119)
Income tax (expense)/credit	4	(758)	135	(479)	(92)
Loss for the period from continuing operations		(4,490)	(7,376)	(2,187)	(4,211)
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	5	-	(4,752)	-	-
<b>Loss for the period</b>		<b>(4,490)</b>	<b>(12,128)</b>	<b>(2,187)</b>	<b>(4,211)</b>
<b>Other comprehensive (loss)/ income, net of tax</b>					
Exchange (loss)/gain arising from translation of financial statements of foreign operations		(158)	(9)	10	43
<b>Total comprehensive loss for the period</b>		<b>(4,648)</b>	<b>(12,137)</b>	<b>(2,177)</b>	<b>(4,168)</b>

	Note	For the six months ended 30 September		For the three months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Loss for the period attributable to:					
Owners of the Company		<b>(4,602)</b>	(12,138)	<b>(2,288)</b>	(4,223)
Non-controlling interests		<b>112</b>	10	<b>101</b>	12
		<u><b>(4,490)</b></u>	<u>(12,128)</u>	<u><b>(2,187)</b></u>	<u>(4,211)</u>
Total comprehensive loss for the period attributable to:					
Owners of the Company		<b>(4,760)</b>	(12,147)	<b>(2,278)</b>	(4,180)
Non-controlling interests		<b>112</b>	10	<b>101</b>	12
		<u><b>(4,648)</b></u>	<u>(12,137)</u>	<u><b>(2,177)</b></u>	<u>(4,168)</u>
<b>Loss per share (HK cents)</b>	<b>6</b>				
From continuing and discontinued operations					
– Basic		<u><b>(0.21)</b></u>	<u>(0.68)</u>	<u><b>(0.10)</b></u>	<u>(0.22)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></u>	<u>N/A</u>
From continuing operations					
– Basic		<u><b>(0.21)</b></u>	<u>(0.41)</u>	<u><b>(0.10)</b></u>	<u>(0.22)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></u>	<u>N/A</u>
From discontinued operations					
– Basic		<u><b>N/A</b></u>	<u>(0.27)</u>	<u><b>N/A</b></u>	<u>N/A</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></u>	<u>N/A</u>

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	49,421	40,293
Goodwill on consolidation	60,031	60,031
Other intangible assets	27,148	25,958
Deferred tax assets	6,791	5,630
	<u>143,391</u>	<u>131,912</u>
<b>CURRENT ASSETS</b>		
Other financial assets	15,550	15,550
Inventories	4,952	4,395
Debtors, deposits and prepayments	49,429	37,633
Income tax recoverable	127	251
Pledged bank deposit	614	613
Cash and cash equivalents	31,476	34,012
	<u>102,148</u>	<u>92,454</u>
<b>DEDUCT:</b>		
<b>CURRENT LIABILITIES</b>		
Amount due to a related company	1,289	1,289
Loan from a director	25,000	10,000
Bank loan, secured	19,866	19,051
Creditors, accruals and deposits received	52,930	47,240
Income tax payable	5,523	2,817
	<u>104,608</u>	<u>80,397</u>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>	<u>(2,460)</u>	<u>12,057</u>

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
<i>Note</i>		
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>140,931</b>	143,969
<b>NON-CURRENT LIABILITIES</b>		
Convertible bonds	78,223	77,769
Bank loans, secured	3,336	2,408
Deferred tax liabilities	2,913	3,356
Other payables	8 761	435
	<u>85,233</u>	<u>83,968</u>
<b>NET ASSETS</b>	<b><u>55,698</u></b>	<b><u>60,001</u></b>
<b>REPRESENTING:</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	22,430	22,430
Reserves	31,776	36,191
	<u>54,206</u>	<u>58,621</u>
Non-controlling interests	1,492	1,380
<b>TOTAL EQUITY</b>	<b><u>55,698</u></b>	<b><u>60,001</u></b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Share premium <i>HKS'000</i>	Special reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Employee share-based compensation reserve <i>HKS'000</i>	Convertible bonds equity reserve <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 April 2012 (Audited)	16,430	(88,963)	103,610	3,801	1,173	886	2,100	39,037	1,158	40,195
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	390	-	390	-	390
Release upon disposal of a subsidiary	-	-	-	-	(1,211)	-	-	(1,211)	-	(1,211)
Conversion of convertible bonds	6,000	-	31,992	-	-	-	(1,938)	36,054	-	36,054
Recognition of equity component of convertible bond	-	-	-	-	-	-	2,775	2,775	-	2,775
Total comprehensive loss for the period	-	(12,138)	-	-	(9)	-	-	(12,147)	10	(12,137)
At 30 September 2012 (Unaudited)	<u>22,430</u>	<u>(101,101)</u>	<u>135,602</u>	<u>3,801</u>	<u>(47)</u>	<u>1,276</u>	<u>2,937</u>	<u>64,898</u>	<u>1,168</u>	<u>66,066</u>
At 1 April 2013 (Audited)	22,430	(106,724)	135,200	3,801	104	1,289	2,521	58,621	1,380	60,001
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	345	-	345	-	345
Total comprehensive loss for the period	-	(4,602)	-	-	(158)	-	-	(4,760)	112	(4,648)
At 30 September 2013 (Unaudited)	<u>22,430</u>	<u>(111,326)</u>	<u>135,200</u>	<u>3,801</u>	<u>(54)</u>	<u>1,634</u>	<u>2,521</u>	<u>54,206</u>	<u>1,492</u>	<u>55,698</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2013	2012
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,669	(14,488)
NET CASH USED IN INVESTING ACTIVITIES	(21,085)	(4,760)
NET CASH FROM FINANCING ACTIVITIES	16,743	9,417
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,673)	(9,831)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	34,012	37,379
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	137	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31,476	27,548

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	At	At
	30 September 2013	30 September 2012
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Time deposits	–	613
Cash and bank balances	31,476	26,935
	31,476	27,548

Notes:

## 1. BASIS OF PREPARATION

These unaudited consolidated interim 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 as modified by revaluation of financial assets at fair value through profit or loss 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 interim results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2013.

## 2. TURNOVER

Turnover, from both continuing and discontinued operations, represents revenue recognized in respect of provision of food and beverage service, sale of application software packages and others, net of discounts and business tax, during the period. An analysis of the turnover recorded for the period is set out below:

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision of food and beverage services	196,268	83,706	-	-	196,268	83,706
Sales of application software packages and related maintenance income	-	-	-	1,483	-	1,483
	<u>196,268</u>	<u>83,706</u>	<u>-</u>	<u>1,483</u>	<u>196,268</u>	<u>85,189</u>

### 3. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2013	2012	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before income tax						
is arrived at after charging:						
(a) Finance costs:						
Interests on bank loans and overdrafts repayable within five years	841	116	-	-	841	116
Interest expense on convertible bonds	802	623	-	-	802	623
Imputed interest expense on convertible bonds	454	1,181	-	-	454	1,181
Other bank charges	1,149	858	-	1	1,149	859
	<u>3,246</u>	<u>2,778</u>	<u>-</u>	<u>1</u>	<u>3,246</u>	<u>2,779</u>
(b) Other items:						
Amortization of other intangible assets	340	257	-	-	340	257
Depreciation	10,063	6,142	-	52	10,063	6,194
	<u>10,063</u>	<u>6,142</u>	<u>-</u>	<u>52</u>	<u>10,063</u>	<u>6,194</u>

#### 4. INCOME TAX

Taxation in the profit or loss represents:

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax	2,219	1,375
Deferred tax	(1,461)	(1,510)
	<u>758</u>	<u>(135)</u>
Discontinued operations		
Current tax	-	40
Deferred tax	-	119
	<u>-</u>	<u>159</u>
Income tax expense	<u>758</u>	<u>24</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 and the People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2012: 16.5% and 25% respectively).

#### 5. DISCONTINUED OPERATIONS

During the period ended 30 September 2012, the shareholders of the Company passed an ordinary resolution at an extraordinary general meeting on 18 April 2012 to discontinue all the information technology businesses.

Loss for the period ended 30 September 2012 for all the information technology businesses was as follows:

	<b>For the six months ended 30 September</b>	
	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 <b>(Unaudited)</b> <b>HK\$'000</b>
Turnover	–	1,483
Cost of sales and services rendered	–	(636)
	<hr/>	<hr/>
Gross profit	–	847
Loss on disposal of subsidiaries – <i>Note 10</i>	–	(3,839)
Operating expenses	–	(1,417)
	<hr/>	<hr/>
Operating loss	–	(4,409)
Finance costs	–	(1)
	<hr/>	<hr/>
Loss before income tax	–	(4,410)
Income tax expense	–	(342)
	<hr/>	<hr/>
Loss for the period	–	(4,752)
	<hr/> <hr/>	<hr/> <hr/>

## 6. LOSS PER SHARE

### Basis loss per share

The calculation of basic loss per share during the period for the six months ended 30 September 2013 and 2012 is based on the following data:–

	2013		2012	
	Loss attributable to owners <i>HK\$'000</i>	Weighted average number of ordinary shares	Loss attributable to owners <i>HK\$'000</i>	Weighted average number of ordinary shares
Continuing operations	(4,602)	2,242,950,000	(7,386)	1,777,376,000
Discontinued operations	–	2,242,950,000	(4,752)	1,777,376,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>(4,602)</b>	<b>2,242,950,000</b>	<b>(12,138)</b>	<b>1,777,376,000</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Weighted average number of ordinary shares**

	<b>2013</b> <b>'000</b>	2012 <b>'000</b>
Issued ordinary shares at the beginning of the period	<b>2,242,950</b>	1,642,950
Effect of conversion of convertible bonds	<u>–</u>	<u>134,426</u>
Weighted average number of ordinary shares at the end of the period	<b><u>2,242,950</u></b>	<b><u>1,777,376</u></b>

The calculation of basic loss per share during the period for the three months ended 30 September 2013 and 2012 was based on the following data:–

	2013		2012	
	Loss attributable to owners <i>HK\$'000</i>	Weighted average number of ordinary shares	Loss attributable to owners <i>HK\$'000</i>	Weighted average number of ordinary shares
Continuing operations	(2,288)	2,242,950,000	(4,223)	1,910,341,000
Discontinued operations	<u>–</u>	<u>2,242,950,000</u>	<u>–</u>	<u>1,910,341,000</u>
	<b><u>(2,288)</u></b>	<b><u>2,242,950,000</u></b>	<b><u>(4,223)</u></b>	<b><u>1,910,341,000</u></b>

**Weighted average number of ordinary shares**

	<b>2013</b> <b>'000</b>	2012 <b>'000</b>
Issued ordinary shares at the beginning of the period	<b>2,242,950</b>	1,642,950
Effect of conversion of convertible bonds	<u>–</u>	<u>267,391</u>
Weighted average number of ordinary shares at the end of the period	<b><u>2,242,950</u></b>	<b><u>1,910,341</u></b>

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 September 2013 and 2012.

## 7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Trade debtors	12,276	9,337
Rental and utility deposits	29,656	24,662
Prepayments	3,422	2,397
Interest receivable	115	107
Other debtors	3,960	1,130
	<u>49,429</u>	<u>37,633</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 entitled credit term of 30-45 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 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
0 – 30 days	8,379	7,404
31 – 60 days	1,283	1,475
61 – 90 days	1,405	75
91 – 180 days	235	88
181 – 365 days	273	295
Over 1 year	701	–
	<u>12,276</u>	<u>9,337</u>

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

The aging analysis of trade debtors that are not considered to be impaired is as follows:

	<b>At 30 September 2013 (Unaudited) HK\$'000</b>	<b>At 31 March 2013 (Audited) HK\$'000</b>
Neither past due nor impaired	<u>1,323</u>	<u>5,639</u>
Past due but not impaired:		
1 – 30 days	7,056	1,765
31 – 60 days	1,283	1,475
61 – 90 days	1,405	75
91 – 180 days	235	88
181 – 365 days	273	295
Over 1 year	<u>701</u>	<u>–</u>
	<u>10,953</u>	<u>3,698</u>
	<u><b>12,276</b></u>	<u><b>9,337</b></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, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 8. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
Trade creditors	30,504	20,595
Accruals and provisions	17,287	17,795
Other creditors	5,900	9,285
	<u>53,691</u>	<u>47,675</u>
Less: Classified in non-current liabilities	(761)	(435)
	<u>52,930</u>	<u>47,240</u>

The following is an aging analysis of trade creditors:

	At 30 September 2013 (Unaudited) <i>HK\$'000</i>	At 31 March 2013 (Audited) <i>HK\$'000</i>
0 – 30 days	19,863	10,423
31 – 60 days	7,604	9,797
61 – 90 days	1,052	303
91 – 180 days	1,778	65
Over 180 days	207	7
	<u>30,504</u>	<u>20,595</u>

## 9. ACQUISITION OF SUBSIDIARIES

During the period ended 30 September 2012, the Group completed the acquisition of the entire equity interest in Mark Limited and its subsidiaries (collectively referred to as the “Mark Group”) from Strong Venture Limited (“Strong Venture”), which was wholly and beneficially owned by a director of the Company, Mr. Tang Sing Ming Sherman (“Mr. Tang”), at a total consideration of HK\$80 million which was satisfied by convertible bonds issued by the Company. Mark Group is operating restaurants, café and cake shops in Hong Kong.

The net assets acquired in above acquisition were as follows:

	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000
Net assets acquired:		
Other intangible assets	–	16,292
Plant and equipment	–	12,788
Income tax recoverable	–	367
Inventories	–	1,895
Debtors, deposits and prepayments	–	11,602
Cash and bank balances	–	6,477
Creditors, accruals and deposit received	–	(11,411)
Bank loans, secured	–	(8,767)
Income tax payable	–	(1,691)
Deferred tax liabilities	–	(2,901)
	<hr/>	<hr/>
	–	24,651
Goodwill on acquisition of subsidiaries	–	55,095
	<hr/>	<hr/>
Consideration for acquisition of subsidiaries – fair value of convertible bonds	–	79,746
	<hr/> <hr/>	<hr/> <hr/>
Net cash inflow arising on acquisition:		
Cash and bank balances acquired	–	6,477
	<hr/>	<hr/>
	–	6,477
	<hr/> <hr/>	<hr/> <hr/>

## 10. DISPOSAL OF SUBSIDIARIES

During the period ended 30 September 2012, the Group disposed of the entire equity interest in Armitage Technologies Holding (BVI) Limited and its subsidiaries (collectively referred to as the “Armitage Group”) in order to discontinue all the businesses of the provision of information solutions and design, development and sale of application software packages.

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

	<b>2013</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2012 (Unaudited) HK\$'000
Net assets disposed of:–		
Plant and equipment	–	3,867
Deferred tax assets	–	335
Debtors, deposits and prepayments	–	3,276
Cash and bank balances	–	5,965
Creditors, accruals and deposit received	–	(6,793)
	<hr/>	<hr/>
Net assets disposed of	–	6,650
Release of exchange reserve	–	(1,211)
	<hr/>	<hr/>
	–	5,439
Loss on disposal of subsidiaries – <i>Note 5</i>	–	(3,839)
	<hr/>	<hr/>
Total consideration	–	1,600
	<hr/> <hr/>	<hr/> <hr/>
Total consideration satisfied by:–		
Cash consideration	–	1,600
	<hr/> <hr/>	<hr/> <hr/>

## 11. 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 the amount due to a related company and loan from a director, the acquisition of entire equity interest in the Mark Group as disclosed in note 9 and the disposal of the entire equity interests in the Armitage Group as disclosed in note 10, the Group had the following material transactions with its related parties in which certain Directors of the Company have controlling interest under the GEM Listing Rules during the period:

	<i>Note</i>	<b>For the six months ended 30 September</b>	
		<b>2013</b>	<b>2012</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
(i) Rental expense to Epicurean Management Limited #	<i>(a)</i>	<b>120</b>	120
(ii) Interest expense on convertible bonds to First Glory Holdings Limited (“First Glory”) ##	<i>(b)</i>	–	444
(iii) Interest expense on convertible bonds to Strong Venture #	<i>(c)</i>	<b>802</b>	–
(iv) Provision of food and beverage services to I. T. H. K. Limited (“ITHK”) ###	<i>(d)</i>	–	311
(v) Rental expenses to Joint Allied Limited####	<i>(d)</i>	<b>596</b>	<b>135</b>

# Mr. Tang, an executive Director of the Company, has controlling interest.

## Mr. Tang had controlling interest in First Glory during the time when First Glory held the convertible bonds.

### Mr. Tang had controlling interest in ITHK through Strong Venture before the Group completed its acquisition of the Mark Group (in which ITHK is one of the group members) on 21 August 2012.

#### Joint Allied Limited is owned by a family trust in which Mr. Tang is one of the beneficiaries.

### *Notes:*

- The amounts were predetermined by both parties.
- The interest rate was determined at 3% per annum as set out in the subscription agreement dated 22 December 2009.
- The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012.
- The transaction was entered based on the 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 the shareholders of the Company as a whole.

#### Key management compensation

	<b>For the six months ended 30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Fees for key management personnel	<b>180</b>	180
Salaries, allowances and other benefits in kind	<b>3,500</b>	2,202
Retirement scheme contributions	<b>71</b>	56
Equity-settled share-based payment expenses	<b>345</b>	236
	<b>4,096</b>	2,674

#### 12. SEGMENT AND ENTITY-WIDE INFORMATION

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

After the Group had completed the disposal of the entire information technology business, the Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group dose not have any identifiable segment or any discrete information for segment reporting purpose. Currently, the Group participated primarily in one geographical location classified by location of sales, i.e. Hong Kong, and the turnover from the PRC only contributed less than 10% of the total turnover of the Group, therefore, no geographical segment analysis is presented.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2013 (2012: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group's unaudited turnover for the interim period ended 30 September 2013 amounted to HK\$196.3 million from continuing operations (2012: HK\$83.7 million), representing an increase of 135% compared with the same period of the last financial year. Net loss attributable to owners of the Company decreased by HK\$7.5 million, to HK\$4.6 million.

### **Industry Overview**

During this period, we faced with the complicated and volatile economic environment at home and abroad. The global economic growth remained sluggish as massive public debts, insufficient institutional reforms and the U.S. Federal Reserve's hint at a stimulus exit has been haunting the world's recovery. In Hong Kong, domestic demand continues to be the key growth driver, while the external sector is still constrained by the unsteady global economic environment. For Mainland China, another market we operate, its GDP growth rate has bottomed out from the first quarter due to the economic restructuring.

Hong Kong retail sales continue to growth, but pace is moderating. Fueled by the mainland tourist arrivals, the food and beverage ("F&B") sector in Hong Kong registered a stable growth. However, competition among the sector is very intensive.

In the past quarters, we have experienced many difficulties in our operation. For example, an acute labour shortage and high employee turnover rate, rising retail rents, increasing food costs etc. All these have undermined growth in the sector. During the period, we had to raise salary and offer better employee benefits to compete for experienced labour. Another major cost of operation in the F&B sector, rent, saw some moderation after years of exceptional growth. However, shortage of retail space in premier tourist districts persists and we have to seek for new stores in emerging districts with lower rents. As our sector is very sensitive to costs, improve in operating efficiency and more stringent cost control have become increasingly important for the sector.

### **Business Review**

In the financial year 2012/2013, we outlined the blueprint for development and growth for the Group. During the period under review, we have materialized our business plan and realized growth by expanding the existing brands and introducing new dining concepts.

During the period under review, we acquired the licence rights of an izakaya brand originated from Japan. Market research and feasibility study have been conducted. We will first introduce the dining concept to Hong Kong and Shanghai to test the market receptivity. As izakaya is an emerging dining culture in our markets, our management team will carefully assess the potential to fit the new concept into the regions.

In the first fiscal quarter of this financial year, we ventured into a new concept, Japanese ramen. This dining concept has been one of the most popular dining trends in the region for the past quarters and competition is keen. In order to stand out from the highly competitive ramen segment, we tried to replicate the most regional flavour of Hokkaido ramen in Hong Kong and yet at a reasonable price range. Our store has successfully attracted customer flow and the performance is encouraging. Within such a short period, the brand has already generated positive cash flow to our Group.

One of our core concepts, restaurants, café and cake shops continued to be our key growth engine. During the period, this segment marked a new sales record thanks to the rapid new store openings and broadened customer base. The trust we have earned from our customers has allowed us to introduce innovative products. This year, sales by volume of our mid-autumn festival special, egg clustered mooncake and assorted mooncake gift box marked a double digit growth. The result was encouraging. We will continue to refine our recipe to enhance the taste and quality of our products. While this brand is already accepted and well-represented in Hong Kong, we look for growth of this concept in the PRC and overseas markets. To take the first steps towards our overseas expansion, we have introduced our first store in each of Shanghai and Taipei city in the first fiscal quarter and during the interim period, we already expanded our store number to two and three in Shanghai and Taipei city respectively. The results of these recently opened stores have met our expectation. In furtherance to our expansion plan, we launched the second phase of our membership programme and initiated a new promotional campaign, the “Thanksgiving Days”, to encourage spending. This programme not only helps to drive visits, but also provide a more effective customer relations platform for our customer intelligence and future marketing activities. We will review our promotion scheme and target at other brands and markets we operate.

Our Japanese tonkatsu brand remained another key contributor to the Group’s revenue and income. Our Group operated 7 stores in Hong Kong and PRC during the interim period. The performance in Hong Kong varied from store to store. Due to an increasing competition of this dining concept in the region, growth of sales at Hong Kong outlets flattens. Fortunately, in Shanghai, the sales continue to grow. We have broadened our network by opening two more stores in the region. Our progress in China is impressive, so we will continue to seek for growth opportunities in other affluent markets in the PRC.

The Japanese curry brand continues to contribute the Group with stable revenue. In this six-month period, we opened two new stores, one in Hong Kong and the other one in Shanghai. In addition, we have entered into an agreement to acquire the business of the original establishments of this concept in Japan, through which, we will possess the global rights of the brand. Not only will our position in this segment be substantially strengthened, we will also be able to tap into the Japanese F&B market.

Meanwhile, the Shanghainese dining group continued to provide the Group with a steady flow of revenue. The brand has won a loyal customer base who keeps returning to our store regularly. We also increase our brand exposure through press release and advertisement. During the period, the results of the segment in terms of revenue and cash flow have both increased comparing with the same period last year due to increase in customer traffic.

In recent years, we observed a growing demand for authentic Taiwanese taste in the region. Due to numerous constraints, for example, sourcing of ingredients, steady supply of raw materials etc, the development of this market segment is slow. By overcoming these difficulties, we are able to bring the most regional taste of Taiwan to Hong Kong. Not surprisingly, the Taiwan beef noodle stores were warmly welcomed by the market. This segment has already generated profits to our Group. We will continue to see improved food choices and refreshed menu in the months ahead.

The performance of our self-developed wellness café concept had lagged behind other concepts in our portfolio. During the period, lease term of certain stores under the concept had been expired and our management resolved not to renew the tenancy agreements. Currently, we are re-examining our resources allocation on this concept in order to have a better balance between expansion and quality.

Sales of our catering services company marks a double digit growth compared with the same period in the prior financial year. Despite of the keen competition in the food services industry, the gross profit margin is maintained at a stable rate. We will continue to enhance our competitive advantage by increasing our product mix and improving product quality.

### **Future Prospects**

In the coming quarters, we expect the global economy will exhibit some similarities with the conditions that prevailed in the previous quarters. This will require us to remain highly proactive and respond quickly and efficiently.

For our Hong Kong business platform, we will further strengthen our footing in the industry by adding new stores in the market and looking at the possibility of co-operation and acquisitions, if appropriate. It is clear that PRC will be another important market to drive our growth in the future. Upcoming, we will focus on improving our operational foundation in Shanghai and gradually expand to other cities in China.

The restaurants, café and cake shops brand, Japanese tonkatsu franchise business and the Shanghainese dining group are recognized brands in the markets and therefore, making us more adaptable to the changing dining preference and operating environment. We understand that ongoing innovation is a key for success. Therefore, we will strike a balance between maintaining the tradition of each concept and keep customers interest with new taste.

As our latest addition, the Hokkaido ramen segment, is a fresh brand in the region, we will focus on defining our brand image. Also, we will enhance the flow of operation at the store in order to increase turnover rate. Since Japanese ramen is a highly competitive dining concept, we are committed to continuous improvement in food product and service to maintain our competitiveness.

The operation of Taiwan beef noodle stores is very unique amongst the Group. In particular, many items in the menu can be prepared at the central kitchen without compromising the taste and quality. Upcoming, we will utilize our competitive advantages by extending the scale of centralized productions and also continue to update our menu with the latest dining trend imported from Taiwan.

On another front, we will re-evaluate those stores across the brands that have not performed up to management's expectation and re-model each store to tackle with their particular situation.

The planning of our new central food processing plant and distribution center is underway. The first phase of construction is expected to be commenced in the coming quarters. This plant will bring us to a new level by further improving product quality, and will also enable us to implement cost control measures uniformly across our brands.

Finally, the management would like to thank our staff members for all the efforts they have put into our Group, and for their excellent work in the face of so many challenges. We will adhere to our multi-brand strategy in order to achieve our long-term mission as leading hospitality group in Asia.

## **FINANCIAL REVIEW**

For the six months ended 30 September 2013, the Group recorded turnover from continuing operations of HK\$196.3 million (2012: HK\$83.7 million), the turnover increased by 135% compared with the corresponding period last year.

Loss attributable to owners of the Company was HK\$4.6 million (2012: HK\$12.1 million).

The gross profit margin of the Group was 68% (2012: 67%).

Total operating expenses increased by 120% to HK\$135.5 million (2012: HK\$61.5 million) which were quite in line with the increase in turnover from the continuing operations. Besides, such increase was mainly resulted from the operating expenses incurred by Mark Group which was acquired by the Group in August 2012 through a very substantial acquisition.

## **Financial Resources and Liquidity**

As at 30 September 2013, the equity attributable to owners of the Company amounted to HK\$54.2 million (at 31 March 2013: HK\$58.6 million). Current assets amounted to HK\$102.1 million (at 31 March 2013: HK\$92.5 million) of which HK\$32.1 million (at 31 March 2013: HK\$34.6 million) was cash and bank deposits, HK\$49.4 million (at 31 March 2013: HK\$37.6 million) was debtors, deposits and prepayment. The Group's current liabilities amounted to HK\$104.6 million (at 31 March 2013: HK\$80.4 million), including creditors, accruals and deposits received in the amount of HK\$52.9 million (at 31 March 2013: HK\$47.2 million).

Current ratio and quick assets ratio were 0.98 and 0.93 respectively (at 31 March 2013: 1.15 and 1.10 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less pledged bank deposit and cash and bank balances to shareholders' funds, was 2.83 (at 31 March 2013: 2.16).

## **Foreign Exchange**

The Group received Renminbi income from sales in China. Fluctuation in exchange rates of Renminbi against foreign currencies could affect the Group's results of operations. During both periods for the six months ended 30 September 2013 and 2012, no hedging transaction or other exchange rate arrangements were made.

## **Charges on the Group's Assets**

Except for the pledged bank deposit, there were no Group's assets which had been pledged or charged as at 30 September 2013 and 31 March 2013.

## **Capital Commitments**

As at 30 September 2013 and 31 March 2013, the Group did not have any material capital commitments.

## **Contingent Liabilities**

As at 30 September 2013 and 31 March 2013, the Group did not have any contingent liabilities.

## **Other financial assets**

On 10 February 2010, a wholly-owned subsidiary of the Company, Marvel Success Limited (“Marvel Success”) subscribed at face value, a two-year 5% convertible bond (“PJ Convertible Bond”) in the principal amount of US\$2,000,000 (equivalent to approximately HK\$15,500,000 as at 31 March 2013) issued by PJ Partners Pte. Ltd. (“PJ Partners”), a company which is incorporated in Singapore with limited liability and is engaged in food and beverage management business, with transaction costs of HK\$1,300,000. According to the terms of the subscription agreement, the conversion price is lower of the net asset value per share or 2.5 times the net profit per share of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US\$2,000,000 to convert to shares of PJ Partners up to 75% or minimum 25% of the issued share capital of PJ Partners.

At initial recognition, the loan receivable component of PJ Convertible Bond was recognized at fair value of HK\$16,217,000 which was estimated by discounted cash flows method using a market interest rate for a similar investment plus allocated transaction costs. The loan receivable is carried at amortized cost in subsequent measurement.

For derivative component of PJ Convertible Bond, the fair value at initial recognition was HK\$633,000, which was estimated by the difference between the consideration paid and the fair value of loan receivable component at initial recognition.

On 10 February 2012, Marvel Success executed a supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been extended for one year from the second anniversary to the third anniversary of the date of the issue of the PJ Convertible Bond.

As at 30 September 2012 and 30 September 2013, the management assessed the possibility of conversion to the shares of PJ Partners by referring to PJ Partners’ financial performance and future prospect and concluded that the conversion is not likely to be occurred unless there are any changes in PJ Partners’ financial performance and future prospect. The carrying amount of derivative component of PJ Convertible Bond was revalued to zero since 31 March 2011.

On 4 February 2013, Marvel Success executed a second supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

On 8 May 2013, Marvel Success executed a third supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success. As at 30 September 2013, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary.

On 9 August 2013, Marvel Success executed a fourth supplemental deed (the “Fourth Supplemental Deed”) with PJ Partners under which the maturity date of the PJ Convertible Bond has been further extended to 9 November 2013 in order to offer PJ Partners additional time to arrange payment of the outstanding principal amount of the PJ Convertible Bond. Please refer to the Company’s announcement dated 9 August 2013 for details.

Subsequent to the period ended 30 September 2013, PJ Partners have settled the principal amount and all the interests accrued under the PJ Convertible Bond as well as the extension fee as contemplated under the Fourth Supplemental Deed.

Save as disclosed above, during the six months ended 30 September 2013 and 2012, 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 2013, the Group had a total of 900 employees (at 31 March 2013: 891). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual’s performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies, 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 (collectively referred to as the “Share Option Schemes”).

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

During the six months ended 30 September 2013, 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 2013, 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	1,673,810,083 (Note 1)	74.63%

#### Notes:

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

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

- Ms. Ho Ming Yee ("Ms. Ho"), the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.
- Based on 2,242,950,000 shares of the Company in issue as at 30 September 2013.

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

<b>Name</b>	<b>Type of interests</b>	<b>Number of shares</b>	<b>Approximate percentage of the issued share capital (Note 3)</b>
Mr. Tang (Note 2)	Interest in corporation	1,000,000,000 (Note 1)	44.58%

Outstanding options granted to the Directors under the Share Option Schemes:

<b>Name</b>	<b>Date of grant</b>	<b>Exercise price per share (Note 4) HK\$</b>	<b>Exercisable period</b>	<b>Approximate percentage of the issued share capital (Note 3)</b>	<b>Number of share options outstanding</b>
Mr. Tang (Note 2)	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.22%	5,000,000
	19 April 2013	0.090	From 19 April 2015 to 18 April 2023	0.22%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
	19 April 2013	0.090	From 19 April 2014 to 18 April 2023	0.02%	500,000
					<b>31,000,000</b>

*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 September 2013.
4. The original exercise price in respect of the share options granted on 13 August 2010 was HK\$0.142 per share. Adjustment of the exercise price of such share options has been made on 28 October 2011 to HK\$0.138 per share as a result of the rights issue by the Company in November 2011.

**(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 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 September 2013, 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 2013, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

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

*Notes:*

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

3. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. Please refer to the section headed "Directors' interests in the securities of the Company or any associated corporations" for further details.
4. Based on 2,242,950,000 shares of the Company in issue as at 30 September 2013.

## SHARE OPTIONS

As at 30 September 2013, options under Share Option Schemes to subscribe for an aggregate of 75,000,000 shares have been granted to a total of 15 directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share (Note) HK\$	Outstanding at 1.4.2013	Granted during the period	Outstanding at 30.9.2013
Category 1: Directors						
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	–	5,000,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	5,000,000	5,000,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	5,000,000	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000	–	500,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	500,000	500,000

	Date of grant	Exercisable period	Exercise price per share (Note) HK\$	Outstanding at 1.4.2013	Granted during the period	Outstanding at 30.9.2013
Category 2:						
Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	6,000,000	–	6,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	6,000,000	–	6,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,800,000	–	3,800,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	6,200,000	–	6,200,000
	19.4.2013	19.4.2014 – 18.4.2023	0.090	–	7,500,000	7,500,000
	19.4.2013	19.4.2015 – 18.4.2023	0.090	–	7,500,000	7,500,000
Total of all categories				<u>48,500,000</u>	<u>26,500,000</u>	<u>75,000,000</u>

*Note:*

The original exercise price in respect of the share options granted on 23 March 2010 and 13 August 2010 were HK\$0.216 and HK\$0.142 per share respectively. Adjustment of the exercise price of such share options has been made on 28 October 2011 to HK\$0.210 and HK\$0.138 per share respectively as a result of the rights issue by the Company in November 2011.

## COMPETING INTERESTS

None of the directors, the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

Mr. Tang, an executive Director, is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well established hospitality group which creates and operates a wide variety of food and beverage concepts in Hong Kong and the PRC. Other than the Group, the restaurants currently owned and operated by Mr. Tang and his associates in Hong Kong include a number of Chinese restaurants (namely Joy & Joy 喜双逢, Xia Mian Guan 夏麵館 and Kowloon Tang 九龍廳), western restaurants (namely The Peak Lookout, The Peak Lookout Airport, Jimmy's Kitchen, Steak World Meats, Agave, Club 97, La Dolce Vita 97 and iL Posto 97), Japanese restaurants (Rei 礼 and Naha 那霸沖繩料理). The information of these restaurants, including their locations and menus, can be found in the website [www.epicurean.com.hk](http://www.epicurean.com.hk) (which is not the website of the Company).

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which include Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand of Xia Fei 霞飛, wellness café concept under the names of Quick & Fresh and getgo fresh, restaurants, café and cake shops under the brands of Italian Tomato, the Japanese curry specialty stores under the name of Shirokuma Curry 白熊咖哩, the concept of Taiwanese beef noodles under the name of Xiao Wang Beef Noodle 小王牛肉麵 and the Japanese ramen under the name of Mutsumiya 睦美屋), 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 2013, the audit committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2013 prior to recommending such report and accounts to the Board for approval.

## **DIRECTORS' SECURITIES TRANSACTIONS**

Throughout the six months ended 30 September 2013, 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 2013, 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, 11 November 2013

*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.*