epicurean | 惟膳

Epicurean and Company, Limited
惟膳有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2011

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

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

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

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

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

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 30 JUNE 2011

Consolidated turnover was HK$31.6 million for the period under review, representing an increase of 151% compared with HK$12.6 million recorded in the corresponding period last year.

Turnover from food and beverage business and information technology business was HK$15.3 million and HK$16.3 million respectively.

Loss attributable to owners of the Company increased to HK$4.8 million from HK$2.9 million compared with the corresponding period last year.

Food and beverage business segment recorded profit attributable to owners of the Company amounted to HK$754,000.

The Group has disposed of two subsidiaries under information technology business segment at the consideration of HK$2.8 million and recorded loss on disposal of HK$5.4 million.

The Group has acquired 70% equity interest in a subsidiary, which is providing food processing solutions and catering services in Hong Kong, at the total consideration of HK$3.5 million with an option to acquire the remaining 30% equity interest at the total consideration of up to HK$1.5 million (subject to adjustment). A discount on the acquisition of interests in a subsidiary amounted to HK$1.7 million has been recorded for the acquisition.

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the period ended 30 June 2011, together with the comparative unaudited consolidated figures for the corresponding period, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2011

		Three months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**31,612**	12,628
Cost of sales and services rendered		**(12,563)**	(5,275)
Gross profit		**19,049**	7,353
Other income		**311**	361
Discount on acquisition of interest in a subsidiary	*3*	**1,746**	—
Operating expenses		**(25,394)**	(9,919)
Operating loss		**(4,288)**	(2,205)
Finance costs		**(626)**	(668)
Loss before income tax		**(4,914)**	(2,873)
Income tax expense	*4*	**214**	(63)
Loss for the period		**(4,700)**	(2,936)
Other comprehensive income, net of tax:			
Exchange gain arising from translation of foreign operations		**(192)**	42
Total comprehensive loss for the period and attributable to equity owners of the Company		**(4,892)**	(2,894)
Loss for the period attributable to:			
Owners of the Company		**(4,772)**	(2,936)
Non-controlling interests		**72**	—
		(4,700)	(2,936)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(4,964)**	(2,894)
Non-controlling interests		**72**	—
		(4,892)	(2,894)
Loss per share (HK cents)			
— Basic	*5*	**(0.44)**	(0.30)
— Dilute		**N/A**	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2011

	Attributable to equity holders of the Company									
	Share Capital	**Accumulated losses**	**Share premium**	**Special reserve**	**Exchange reserve**	**Employee share-based compensation reserve**	**Convertible bonds equity reserve**	**Total**	**Non-Controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010 (Audited)	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362	—	15,362
Conversion of convertible bonds	2,000	—	10,556	—	—	—	(700)	11,856	—	11,856
Placing of shares	1,100	—	20,392	—	—	—	—	21,492	—	21,492
Acquisition of subsidiaries	150	—	2,225	—	—	—	—	2,375	—	2,375
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	62	—	62	—	62
Total comprehensive loss for the period	—	(2,936)	—	—	42	—	—	(2,894)	—	(2,894)
At 30 June 2010 (Unaudited)	10,953	(48,237)	77,312	3,801	2,258	66	2,100	48,253	—	48,253
At 1 April 2011 (Audited)	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	—	23,597
Recognition of equity-settled share-based payment expenses	—	—	—	—	—	126	—	126	—	126
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	1,043	1,043
Release upon disposal of a subsidiary	—	82	—	—	(82)	—	—	—	—	—
Total comprehensive loss for the period	—	(4,772)	—	—	(192)	—	—	(4,964)	72	(4,892)
At 30 June 2011 (Unaudited)	**10,953**	**(77,632)**	**77,312**	**3,801**	**1,597**	**628**	**2,100**	**18,759**	**1,115**	**19,874**

Notes:

1. BASIS OF PREPARATION

These unaudited consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and are prepared under the historical cost convention 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 quarterly results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2011.

2. TURNOVER

Turnover represents revenue recognised in respect of the provision of food and beverage business, provision of information solutions and application software packages sold, net of discounts and business tax, during the period. An analysis of the turnover, recorded for the period is set out below:

	For the three months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Provision of food and beverage business	**15,276**	—
Provision of information solutions		
— System development and integration	**3,977**	4,587
— Maintenance and enhancement income	**297**	512
Sales of application software packages and related maintenance income	**12,062**	7,529
	31,612	12,628

3. ACQUISITION OF A SUBSIDIARY

During the period under review, the Group completed the acquisition of 70% equity interest in Qualifresh Catering Limited ("Qualifresh"), which is currently providing food processing solutions and catering services in Hong Kong, at the total consideration of HK$3.5 million with an option to acquire the remaining 30% equity interest of Qualifresh at the total consideration of up to HK$1.5 million (subject to adjustment).

The net assets acquired in above acquisition are as follows:

	2011
	HK$'000
Net assets acquired:	
Derivative assets	**2,813**
Plant and equipment	**529**
Deferred tax assets	**101**
Inventories	**392**
Debtors, deposits and prepayments	**3,099**
Cash and bank balances	**1,928**
Creditors, accruals and deposit received	**(1,660)**
Bank loans, secured	**(788)**
Income tax payable	**(125)**
	6,289
Non-controlling interests	**(1,043)**
	5,246
Discount on acquisition of interests in a subsidiary	**(1,746)**
Cash consideration for acquisition of a subsidiary	**3,500**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(3,500)**
Cash and bank balances acquired	**1,928**
	(1,572)

4. INCOME TAX EXPENSE

Taxation in the profit or loss represents:

	For the three months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current tax	**(201)**	(206)
Deferred tax	**415**	143
Income tax credit/(expenses)	**214**	(63)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(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 ("EIT") at the rates of 16.5% and 25% respectively (2010: 16.5% and 25% respectively).

(iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which was effective on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate adopted by the PRC entities, other than the aforesaid subsidiaries below, changed from 33% to 25% with effect from 1 January 2008.

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 15%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the New Tax Law.

(b) Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") enjoyed preferential policy in the form of reduced tax rate shall have five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. Therefore, ATL(SZ) enjoyed the EIT rate of 18% for the year 2008, 20% for the year 2009, 22% for the year 2010 and 24% for the year 2011.

5. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$4,772,000 (2010: HK$2,936,000) and the weighted average number of ordinary shares of 1,095,300,000 (2010: 968,981,000) in issue during the period ended 30 June 2011, calculated as follows:

	2011 ***HK$'000***	2010 *HK$'000*
Loss for the period attributable to owners of the Company	**(4,772)**	(2,936)

Weighted average number of ordinary shares

	2011 ***'000***	2010 *'000*
Issued ordinary shares at the beginning of the period	**1,095,300**	770,300
Effect of conversion of convertible bond	**—**	156,044
Effect of placing of shares	**—**	42,308
Effect of consideration shares upon acquisition of subsidiaries	**—**	329
Weighted average number of ordinary shares at the end of the period	**1,095,300**	968,981

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 June 2010 and 2011.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 30 June 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's unaudited total turnover for the three months ended 30 June 2011 amounted to HK$31.6 million (2010: HK$12.6 million), representing an increase of 151% compared with the corresponding period last year. Net loss attributable to owners of the Company was increased to HK$4.8 million from HK$2.9 million.

Food and Beverage Business

After the completion of the acquisition of a group of companies which are operating a Japanese restaurant franchise at the end of June 2010, our food and beverage has been growing at a convincing pace with a turnover of HK$15.3 million during the period under review.

Even though there were earthquake and tsunami in Northeastern region of Japan and radiation leakage causing pollution to the sources of food in March 2011, the impact on the Group's business is not material. Up to the date of this report, the performances of the five outlets under operation (including one in Shanghai) for the Japanese restaurant franchise are satisfactory.

In view of the promising results in the food and beverage business, the Group is consistently looking for any business opportunities in this business initiative. During this fiscal quarter, the Group has acquired a food catering and servicing company for supplying food and beverage services to both its own restaurants and external customers.

The Group is optimistic that the expansion and development of the food and beverage business will contribute promising results and enhance the future prospect of the Group.

Information Technology Business

Hospitality Software Solutions and Online Distribution Services

For the three months ended 30 June 2011, turnover from hospitality software and online distribution services amounted to HK$11.1 million (2010: HK$6.3 million), representing an increase of 76% compared with the corresponding period last year.

However, the increase in turnover was mainly due to increase in hardware sale, which made up to approximately 25% (2010: 13%) of the total turnover, representing an increase of HK$2.0 million to HK$2.8 million (2010: HK$829,000) compared with the corresponding period last year. Application software sale has an increase compared with the corresponding period last year. The Northern and the Southern regions performed better results comparing with the other regions and the Southwestern region in the PRC - Yunnan and Sichuan had shown a slight improvement during the period under review.

Efforts were made on channel development, mainly in remote regions such as Xin Jiang, Shanxi and Ning Xia. These channels started to make a contribution to our business, although still rather insignificant. It is expected that, with further supporting and nurturing, we believe that income generated from these channels will be increased in the long run.

For our online booking services, we have around twenty five hotel customers who have joined our online booking website www.fangcoo.com (房庫).

Outsourcing and Information Solutions and Application Software Packages Solutions

As the Board believes that it is to the best interest of the Group and our shareholders, the two subsidiaries of the Group's information technology business in Hong Kong and Shenzhen, which have been making continuous losses since the financial year ended 31 March 2004, have been disposed of during the period under review for the purposes of not only providing an opportunity to the Group to streamline the operations of the Group, but also better allocating the resources of the Group with a view to optimising the productivity of the Group's operation.

FUTURE PROSPECTS

Food and Beverage Business

With the growing pace of the Japanese restaurant franchise business initiative, the Group will cautiously increase the resources input to speed up the development in both the Hong Kong and the PRC market. We target to double the number of outlets of this Japanese restaurant franchise by the end of this fiscal year based on the market condition and finding the suitable locations.

In addition, the Group is reviewing the market receptivity and is in the process of planning to set up a new restaurant brand in Japanese ramen and izakaya as well as a central kitchen for supplying food and beverage services to both its own restaurants and external customers.

Meanwhile, the Group is searching for other opportunities in the food and beverage business, both in Hong Kong and the PRC in order to further enhance the Group's income. Currently, the Group is actively seeking potential partners to co-operate in developing new business in Hong Kong and the PRC. And resources have been allocated to research and develop the Group's own new concept as well as new brand name for future expansion. The Group believes that the long term development of the food and beverage business is highly promising and will become the most important core of the Group's business operation.

Information Technology Business

Hospitality Software Solutions and Online Distribution Services

Faced with the current high inflation economic situation, although business has improved, the expected high costs on various aspects such as human resources, rental, utilities, etc. will have a negative effect on the overall performance of the Group. Overall costs related to human resources increased by more than 30% compared with the corresponding period last year.

The Group's future sale and marketing strategy is to capture more hotel chain operators as our long term customers. Thus, the marketing activities including a number of seminars and conferences have been planning for the coming year, targeting to a group of the hotel chain operators.

The current after sales maintenance and technical support structure seemed not sufficient enough to cope with the ever-increasing customer's requirements. As such, the Group is considering to outsource the maintenance and supporting work to independent third party in order to eliminate the increasing administrative and operating work load while to keep the reasonable profit margin to the Group.

Even lots of efforts were exerted to recruit hotel customers joining our online booking services, the growth in this business does not reach the expectation of the management. This is because we still need time to build up our experience and reputation in hotel distribution channel. In order to expedite progress in this business, it is necessary for us to recruit experts in the distribution area and put extra efforts in strengthening our sales and marketing strategies. The Board will cautiously monitor the development of this business and work hard to balance the substantial investments that would be required to realize this strategic business plan and the potential return that could be gained from this business initiative.

FINANCIAL REVIEW

For the three months ended 30 June 2011, the Group recorded a total turnover of HK$31.6 million (2010: HK$12.6 million), the turnover increased by 151% compared with the corresponding period last year.

Turnover generated from food and beverage business was HK$15.3 million (2010: Nil). Revenue generated from information technology business was HK$16.3 million (2010: HK$12.6 million), representing an increase of 29% compared with the corresponding period last year. The hardware sale under the information technology business was HK$2.8 million (2010: HK$829,000), representing an increase of HK$2.0 million compared with the corresponding period last year.

Net loss attributable to owners of the Company was HK$4.8 million (2010: HK$2.9 million). During the period under review, food and beverage business segment contributed profit of HK$754,000 (2010: Nil) to owners of the Company.

The gross profit margin of the Group was 60% (2010: 58%), an increase compared with the corresponding period last year.

During the period under review, Robust Asia Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Mr. Tong Hei Wah Aro, Ms. Tong Shuk Yin Eliza and Mr. Chung Hoi Shuen to acquire 70% of interest in Qualifresh Catering Limited ("Qualifresh"), which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK$3.5 million with an option to acquire the remaining 30% equity interest of Qualifresh at a total consideration of up to HK$1.5 million (subject to adjustment). A discount on acquisition of interests in a subsidiary amounted to HK$1.7 million has been recorded from the acquisition.

Total operating expenses increased by 158% to HK$25.5 million (2010: HK$9.9 million). This increase was attributable to a new line of business division started by the Company in the second fiscal quarter of last year, the operating expenses incurred by the food and beverage business during the period under review was HK$9.1 million (2010: Nil). In addition, during the period under review, Alpha Skill Holdings Limited and Armitage Holdings Limited, two wholly-owned subsidiaries of the Company, entered into two separate agreements with Glorywin Holdings Limited to sell the entire equity interests in Armitage Technologies Limited and Armitage Technologies (Shenzhen) Limited. The consideration of the disposal was HK$2.8 million and the Group recorded a loss on disposal of subsidiaries amounted to HK$5.4 million.

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

During the three months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2011, the interests or short positions of the directors or chief executive of the Company in the shares and underlying shares 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 2)*
Mr. Tang Sing Ming Sherman	Corporate	632,845,290 *(Note 1)*	57.78%
Mr. Lee Shun Hon, Felix	Personal	620,000	0.06%

Notes:

1. These shares are held by First Glory Holdings Limited ("First Glory") which is wholly and beneficially owned by Mr. Tang Sing Ming Sherman ("Mr. Tang"). First Glory also holds convertible bonds ("Convertible Bonds") issued by the Company in the aggregate principal amount of HK$39 million pursuant to which a total of 600,000,000 shares of the Company will be issued upon full conversion assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the said 632,845,290 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 1,095,300,000 shares of the Company in issue as at 30 June 2011.

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang Sing Ming Sherman	Corporate	600,000,000 *(Note 1)*	54.78%

Notes:

1. The said 600,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by First Glory in the aggregate principal amount of HK$39 million, assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. According to the terms of the Convertible Bonds, conversion of the Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the Convertible Bonds held by First Glory.

2. Based on 1,095,300,000 shares of the Company in issue as at 30 June 2011.

(c) Long positions in underlying shares of equity derivatives of the Company

Outstanding options granted to the Directors under the share option scheme adopted on 26 February 2003:

Name	Date of grant	Exercise price per share *HK$*	Exercise period	Approximate percentage of the issued share capital *(Note 1)*	Number of share options outstanding
Mr. Bhanusak Asvaintra	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000
Mr. Chan Kam Fai Robert	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000

Note:

1. Based on 1,095,300,000 shares of the Company in issue as at 30 June 2011.

(d) 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 Sing Ming Sherman	First Glory Holdings Limited	Beneficial owner	1	100%

(e) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang Sing Ming Sherman	Corporate	HK$39 million *(Note 1)*

Note:

1. The said HK$39 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. Assuming that there is no adjustment to the initial conversion price of HK$0.065 per share, a total of 600,000,000 shares will be issued upon full conversion of the Convertible Bonds.

Save as disclosed herein, as at 30 June 2011, none of the directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed “Directors’ interests in the securities of the Company or any associated corporations”, so far as is known to the directors and chief executive of the Company, as at 30 June 2011, 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.

SHARE OPTIONS

The Company operates a share option scheme adopted on 26 February 2003 ("Share Option Scheme"). As at 30 June 2011, options under Share Option Scheme to subscribe for an aggregate of 17,000,000 shares have been granted to a total of 8 directors and employees of the Group, details as follows:

	Date of grant	**Exercisable period**	**Exercise price per share** *HK$*	**Outstanding at 1.4.2011 and 30.6.2011**
Category 1: Director				
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 - 12.8.2020	0.142	**1,000,000**
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 - 12.8.2020	0.142	**1,000,000**
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 - 12.8.2020	0.142	**1,000,000**
Category 2: Employee				
	23.3.2010	23.3.2011 - 22.3.2020	0.216	**2,000,000**
	13.8.2010	13.8.2011 - 12.8.2020	0.142	**6,000,000**
	13.8.2010	13.8.2012 - 12.8.2020	0.142	**6,000,000**
Total of all categories				**17,000,000**

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 during the period ended 30 June 2011.

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 three months ended 30 June 2011, the audit committee has held one meeting and has reviewed the draft quarterly report and accounts for the three months ended 30 June 2011 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board
Tang Sing Ming Sherman
Chairman

Hong Kong, 8 August 2011

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

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