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Epicurean and Company, Limited

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

annual report
2011-2012

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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.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Tang Sing Ming Sherman
(Chairman of the Board and Chief Executive Officer)
Mr. Lee Shun Hon, Felix

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Bhanusak Asvaintra
Mr. Chan Kam Fai Robert
Mr. Chung Kwok Keung Peter

COMPANY SECRETARY
Mr. Ho King Yee

COMPLIANCE OFFICER
Mr. Tang Sing Ming Sherman

AUDIT COMMITTEE
Mr. Bhanusak Asvaintra *(Chairman)*
Mr. Chan Kam Fai Robert
Mr. Chung Kwok Keung Peter

REMUNERATION COMMITTEE
Mr. Chan Kam Fai Robert *(Chairman)*
Mr. Tang Sing Ming Sherman
Mr. Bhanusak Asvaintra
Mr. Chung Kwok Keung Peter

NOMINATION COMMITTEE
Mr. Chung Kwok Keung Peter *(Chairman)*
Mr. Tang Sing Ming Sherman
Mr. Bhanusak Asvaintra
Mr. Chan Kam Fai Robert

CORPORATE GOVERNANCE COMMITTEE
Mr. Tang Sing Ming Sherman* *(Chairman)*
Mr. Bhanusak Asvaintra*
Mr. Chan Kam Fai Robert*
Mr. Chung Kwok Keung Peter*

AUTHORISED REPRESENTATIVES
Mr. Tang Sing Ming Sherman
Mr. Ho King Yee

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GEM STOCK CODE
8213

* Mr. Tang Sing Ming Sherman was appointed as the chairman of the corporate governance committee and Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter were appointed as members of the corporate governance committee on 13 February 2012

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to you the annual report of Epicurean and Company, Limited (the "Company") for the year ended 31 March 2012.

The financial year ended 31 March 2012 marked another milestone year for the Company and its subsidiaries (the "Group"), during which the Company had ventured into various new concepts in the food & beverage ("F&B") industry. The Group procured three additional brands to initiate the operation of Shanghainese cuisine, Japanese curry and wellness concept café. Furthermore, the Group also tapped into a new area in the F&B business, the management and operation of food processing and catering, which not only serves to support the existing business and future expansion of our self-operated restaurant outlets, but also provides another avenue for generating more income for the Group.

During the year, the F&B segment reported a tremendous growth in sales, mainly attributable to the implementation of our scheduled business plan of the Japanese tonkatsu restaurants, especially building up of the network in Hong Kong and mainland China, as well as the business opportunities arose from the lately introduced brands. As for our information technology ("I.T.") business, a decrease in sales was recorded. The overall profit margin had been decreased which was due to the surging operating costs in many key aspects, such as labour costs, rental expenses etc. Near the end of the financial year, our management made an important decision to cease the loss-making I.T. business by disposing of all the subsidiaries engaging in the I.T. business.

Thanks to the individual visit scheme, the economy in Hong Kong has been enjoying sustainable growth. The number of mainland tourists visiting Hong Kong increases year by year, bringing numerous new opportunities to the region. Such economic growth, however, has also caused undesirable inflation problem. Consumer price index was rising notably in 2011. The impact of surging rental expenses, in particular, has been exerting great pressure on our operation. During the year under review, our F&B business had been facing challenges in identifying ideal new outlet locations with rentals at reasonable rates. In the midst of the inflationary economy, other operating expenses of our Group including food costs, labour costs and utility costs have also been driven high. Fortunately, our market positioning and competitive edge had enabled us to maintain a reasonable profit margin.

Looking ahead, we will adhere to our strategy as a multi-brand restaurant operator in the F&B industry. In order to maintain our competitiveness, we will, on the one hand, continue to expand our outlet network, optimise our production efficiency and improve the food and service quality of our existing brands; while on the other hand, enrich our restaurant portfolio by introducing other F&B concepts into the Group.

Finally, I would like to express my sincere gratitude to all our shareholders and customers for their continuous care and support. I would also like to thank my fellow Board members, our management team and staff for their invaluable service, commitment and hard work throughout the past year. We will adhere to our belief and strive to achieve further growth of the Company in the future.

Tang Sing Ming Sherman
Chairman
Hong Kong, 11 June 2012

CORPORATE GOVERNANCE REPORT

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. Set out below are those principles of corporate governance as adopted by the Company during the reporting year.

The Company has complied with the code provisions set out in the Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 March 2012, except for the deviations from Code Provisions A.2.1 and A.4.2 of the Code. Details of the deviations are set out in the relevant sections below.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2012, 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 have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions throughout the financial year ended 31 March 2012 except for the following:

During the period from 15 October 2011 to 14 November 2011 (the "Black-out Period") prior to the announcement of the Company's interim results for the six-month ended 30 September 2011, Mr. Lee Shun Hon, Felix ("Mr. Lee"), an executive Director of the Company, had applied for and purchased 600,000 excess rights shares in the sum of HK$36,000 on 11 November 2011 in the rights issue by the Company ("Rights Issue"). Although the excess rights shares were allotted to him on a fair basis under the Rights Issue, such purchase by Mr. Lee constitutes a dealing of shares of the Company by Mr. Lee during the Black-out Period in breach of Rule 5.56 of the GEM Listing Rules. Mr. Lee subsequently informed the Company that the purchase was due to his oversight and was not an intentional breach of the GEM Listing Rules. In view of this, the Company had explained to Mr. Lee the relevant requirements under the GEM Listing Rules to prevent the occurrence of any similar incident in the future.

THE BOARD

Board of Directors

The board of Directors of the Company (the "Board") currently consists of five members including two executive directors (one of them being the Chairman of the Board and the Chief Executive Officer of the Company), and three independent non-executive directors.

The Company complied at all times during the financial year ended 31 March 2012 with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors.

Mr. Bhanusak Asvaintra, one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive Directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. Except as otherwise disclosed in this Annual Report, none of the independent non-executive Directors has any business or financial interests with the Group and all independent non-executive Directors confirmed their independence to the Group as at 31 March 2012 in accordance with Rule 5.09 of the GEM Listing Rules.

THE BOARD (cont'd)

Board of Directors (cont'd)

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 Sing Ming Sherman 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.

Meetings

The Board met regularly throughout the financial year ended 31 March 2012 to discuss the overall strategy as well as the operation and financial performance of the Group. During the year, the Board held seven meetings for the discussion and approval of important matters such as the approval of quarterly results, interim results and annual results, dividends, the Group's businesses and investments, etc. In addition, during the financial year ended 31 March 2012, the Group's management also met with certain independent non-executive Directors to seek their views on certain business and/or operational matters. The attendance record of each Director during the year at Board meetings is as follow:

Members of the Board	**Attendance**
Executive Directors	
Mr. Tang Sing Ming Sherman *(Chairman)*	7/7
Mr. Lee Shun Hon, Felix	7/7
Independent non-executive Directors	
Mr. Bhanusak Asvaintra	7/7
Mr. Chan Kam Fai Robert	7/7
Mr. Chung Kwok Keung Peter	7/7

THE BOARD (cont'd)

Chairman and Chief Executive Officer

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 Sing Ming Sherman 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 Sing Ming Sherman 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.

Executive Directors

Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and that the Group's business conforms with applicable laws and regulations.

Independent non-executive Directors

Independent non-executive Directors serve the important function of advising the management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as provide adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole.

THE BOARD (cont'd)

Independent non-executive Directors (cont'd)

Each of the independent non-executive Directors of the Company who was appointed on 18 February 2010 has signed a letter of appointment for a term of three years with the Company unless terminated by either side on one month's prior written notice. The commencement dates of appointment for each of the independent non-executive Directors are as follows:

Independent non-executive Directors	Commencement Date
Mr. Bhanusak Asvaintra	18 February 2010
Mr. Chan Kam Fai Robert	18 February 2010
Mr. Chung Kwok Keung Peter	18 February 2010

AUDIT COMMITTEE

The Company had established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors as at 31 March 2012, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter who were appointed on 18 February 2010. The Chairman of the Audit Committee is Mr. Bhanusak Asvaintra, who possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

A total of four Audit Committee meetings were held during the financial year ended 31 March 2012 to review and discuss the annual, quarterly and interim results and financial statements of the Group respectively. The adequacy of the Company's policies and procedures regarding financial reporting and internal controls were also discussed. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues that the Audit Committee considers necessary. The external auditor of the Group may request a meeting with the Audit Committee if they consider necessary.

The authorities of the Audit Committee include (1) investigation of any activity within its terms of reference; (2) seeking any information it requires from any employee; and (3) obtaining outside legal or other independent professional advice if it considers necessary.

AUDIT COMMITTEE (cont'd)

The main duties of the Audit Committee are as follows:

- To consider the selection and appointment of the external auditor, the audit fee, and any question concerning the resignation or dismissal of the external auditor
- To discuss with the external auditor the nature and scope of the audit
- To review and monitor the external auditor's independence and the objectivity and the effectiveness of the audit process in accordance with applicable standards
- To develop and implement policy on the engagement of external auditor to supply non-audit services
- To review the Group's quarterly, interim and annual financial statements and results respectively before the submission of them to the Board
- To discuss any problems and reservations arising from the final audits and any matters that the external auditor may wish to discuss
- To review the Group's statement on internal control system prior to the endorsement of it by the Board
- To consider the major findings of any internal investigation and the management's response
- To consider other topics, as determined by the Board

During the financial year ended 31 March 2012, four meetings were held and the details of attendance record of members of Audit Committee are as follows:

Members of the Audit Committee	**Attendance**
Mr. Bhanusak Asvaintra *(Chairman)*	4/4
Mr. Chan Kam Fai Robert	4/4
Mr. Chung Kwok Keung Peter	3/4

Throughout the year under review, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and the internal control system of the Group. As regards external auditor's remuneration, audit service was provided by the Group's external auditor during the year under review.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the financial period under review is presented as follows:

	Fee amount HK$'000
Audit services	650
Audit related services	194
	844

REMUNERATION OF DIRECTORS

The Company has established the Remuneration Committee on 23 April 2010 with written terms of reference in compliance with Code Provision B.1.3 under Appendix 15 of the GEM Listing Rules. The members of the Remuneration Committee consist of Mr. Tang Sing Ming Sherman and all independent non-executive Directors of the Company. The Chairman of the Remuneration Committee is Mr. Chan Kam Fai Robert.

The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Board the individual packages of the executive Directors and senior management. The emoluments of the executive Directors and senior management are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics. No Director is involved in deciding his own remuneration. Details of the Directors' emoluments are set out in note 7 to the consolidated financial statements.

The Remuneration Committee will meet at least once a year. During the financial year ended 31 March 2012, four meetings were held to review and discuss the remuneration of executive Directors and senior management. Details of attendance record of members of the Remuneration Committee are as follows:

Members of the Remuneration Committee	Attendance
Mr. Chan Kam Fai Robert *(Chairman)*	4/4
Mr. Tang Sing Ming Sherman	4/4
Mr. Bhanusak Avainstra	4/4
Mr. Chung Kwok Keung Peter	3/4

NOMINATION OF DIRECTORS

The Company has established the Nomination Committee on 23 April 2010 with written terms of reference in compliance with paragraph A.4.5 of the recommended practices under Appendix 15 of the GEM Listing Rules. The members of the Nomination Committee consist of Mr. Tang Sing Ming Sherman and all independent non-executive Directors of the Company. The Chairman of the Nomination Committee is Mr. Chung Kwok Keung Peter.

The principal responsibilities of the Nomination Committee are to review the structure, the size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; identify individuals suitably qualified to become Board members and make recommendations to the Board in this regard; and assess the independence of independent non-executive Directors. During the financial year ended 31 March 2012, four meetings were held and the details of attendance record of members of the Nomination Committee are as follows:

Members of Nomination Committee	Attendance
Mr. Chung Kwok Keung Peter *(Chairman)*	4/4
Mr. Tang Sing Ming Sherman	4/4
Mr. Bhanusak Avainstra	4/4
Mr. Chan Kam Fai Robert	4/4

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

Statements of directors' responsibilities for preparing the financial statements and the external auditor's reporting responsibilities are set out in the Independent Auditor's Report as contained in this Annual Report.

To the best of the knowledge of the Directors, there is no material uncertainty relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Directors have reviewed and are satisfied with the effectiveness of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions.

The Directors have reviewed and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and the Company's programmes and budget.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's audited total turnover for the year ended 31 March 2012 amounted to HK$138.4 million (2011: HK$88.3 million), of which HK$89.3 million (2011: HK$32.2 million) was from continuing operations and HK$49.1 million (2011: HK$56.1 million) was from discontinued operations. For the continuing operations, turnover increased by 177% compared with the last financial year. Net loss attributable to owners of the Company decreased to HK$16.0 million from HK$27.6 million in the last financial year.

Food and Beverage Business

Leveraging on the fast growing economy in the People's Republic of China ("PRC") and the climbing number of mainland visitor arrivals, the overall retail sector was robust. Amid the favourable operating environment, results of the F&B business were encouraging. During the year under review, the F&B business segment posted a total revenue of HK$89.3 million (2011: HK$32.2 million), or a growth of 177% compared with the last financial year.

In light of the growing demand for quality dining experiences in the territory, the Company had introduced various F&B concepts into the Group in order to enhance its exposure in the industry and at the same time diversify the business. As a result, the restaurant portfolio of the Group had been substantially enlarged. New additions to the Group during the year under review include a group of Shanghainese dining restaurants in Hong Kong, Japanese curry specialty brand, self-developed wellness concept café and a catering services and food processing company.

After the acquisition of the Shanghainese restaurant group in November 2011, an outlet was opened in the central business district of Hong Kong to focus on business clientele. Another outlet was opened in early March 2012 in a top tourist attraction of Hong Kong. Shortly after the opening, the new shops had been able to attract customer flows. The management expects that the Shanghainese restaurant group will be able to make a greater contribution to the Group in the near future.

Inspired by the growing awareness of the importance of healthy life style and the increasing popularity of wholesome dining, we had developed a brand name of wellness concept café and the first outlet had been launched in late 2011 to test the market. As the dining concept had been well received by the public, more outlets had been opened near the end of the year under review to capture the market segment. As of the date of this report, a total of 4 outlets are in operation.

Apart from the abovementioned newly introduced businesses, we had also entered into a licence agreement and had formed a joint venture company for the licence rights of a curry specialty brand originated from Japan. During the year under review, we had completed the stages of product development, staff training programme and logistic and work flow enhancement scheme to pave way for the launch of this new brand after the reporting period.

We have observed an increasing trend of out-sourcing food processing procedures by hotels, chain restaurants and the like in recent years to minimise the operating costs and improve efficiency. This provides more opportunities to our Group. During the year under review, we had acquired a food processing and catering services company and had been making good development. We had engaged several long-term customers, including renowned brand names of chain restaurants, chain cafés, club houses and an airliner for our catering services. Moreover, we had put resources to the research and development of new products to meet the growing demand for our products and services in the territory.

Meanwhile, one of the core segments of our F&B business, the Japanese tonkatsu franchise shops, continued to contribute a major part of income stream to our Group. Due to the growing popularity of the Japanese dining concept, more resources had been allocated to expand the number of outlets in Hong Kong. During the year under review, the total number of the Japanese tonkatsu franchise outlets increased to six, including five in Hong Kong and one in Shanghai. This dining concept has also attracted new entrants and competition. Leveraging on our competitive edge and our seasoned management, we had been able to sustain growth in this F&B concept by expanding our menu, adopting a more stringent quality control policy and improving service quality to consolidate and enlarge our customer base.

Information Technology Business

Hospitality Software Solutions and Online Distribution Services

For the financial year ended 31 March 2012, turnover from the hospitality software solutions and online distribution services amounted to HK$43.8 million (2011: HK$29.2 million), representing an increase of 50% as compared with last financial year.

The improvement in turnover was mainly attributable to increase in hardware sale, which made up to approximately 23% (2011: 16%) of the total turnover of the I.T. business segment. Although the revenue went up, the results of the segment had deteriorated due to the high inflation rate in the region. The rise in revenue was unable to alleviate the impact of drastic increase in operating costs, especially in staff costs. As the operating costs are on the rise and competitors have been employing a cut throat price strategy, the business environment becomes increasingly difficult for the Company's survival in this segment.

Outsourcing and Information Solutions and Application Software Package 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 I.T. business in Hong Kong and Shenzhen, which had been making continuous losses since the financial year ended 31 March 2004, had been disposed of during the year 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

Our management has been continuously looking for new business opportunities to enhance the value of the Company. After the reporting period, the Company entered into two separate agreements with each of its F&B counterparts from Japan and Taiwan respectively. A licence agreement was concluded for forming a joint venture company specialising in ramen and izakaya businesses. Another agreement in relation to the franchising of a Taiwanese beef noodles brand in the region has been consummated. Currently, plans are already under way to initiate the two additional businesses in the region. We expect that the first outlet under each of the new brands will be unveiled soon.

Here, we are also pleased to report the arrival of our first Japanese curry specialty shop in late April 2012. As expected, this Japanese dining concept has been well received by the community. The shop has managed to achieve remarkable sales shortly after the opening. Two more locations for the Japanese curry outlets have been identified and we expect that more shops will be launched in the coming quarters.

As at the date of this report, a location for our new Japanese tonkatsu outlet in Shanghai has been confirmed and we are finalising the leasing terms with the landlord. Based on the experience we learnt from the first outlet in Shanghai, we expect that preparation for the second outlet will be much more effective in terms of time and costs. The new shop will soon be ready for business.

Recently, a new location has also been identified for our wellness concept café. The total number of outlets will reach 5 after the opening of the new shop. We expect that as the number of outlets expands, the café business will pick up gradually and contribute a greater portion of the Group's overall revenue.

As our portfolio and total number of outlets have been substantially expanded in financial year 2011/2012, we foresee that the current capacity of our food processing and catering services company will be insufficient to support the future demand for services from our Group members. We will speed up the process of planning and constructing our new central kitchen to facilitate the business growth of the Group.

Meanwhile, the Company will strive for the further growth of our existing brand names and seek for further opportunities of growth in the territory and beyond by cautiously expand the number of outlets, provided that good locations with reasonable rents can be identified. Riding on the success of our Japanese tonkatsu outlet in Shanghai, we will replicate our business model to develop other brands in our portfolio in the PRC.

In order to achieve our ultimate goal as a market leader in the F&B industry, we will continue to explore, both locally and overseas, different varieties of brands that will help to complement our existing portfolio, and more importantly, strengthen our market position and enhance our competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

For recent years, same as most of the retailers in Hong Kong, our business has been facing challenges and uncertainties resulted from the surge in raw material prices, labour costs, rental expenses and utility costs etc. Our management will continue to closely monitor the effect of such costs on our business and improve our efficiency in order to counterbalance the negative impact of the inflationary economy on our profit margin. Reinforced by our experienced management and operating team and fuelled by the ever-growing economy in the PRC, our Board is optimistic that prosperity of our F&B business will sustain.

Information Technology Business

In light of the increasing competition in the information technology servicing industry and the difficult operating environment, the I.T. business has been making continuous losses since the financial year ended 31 March 2004. To improve the financial and cashflow profile of the Group and to enhance its future development, the Group has diversified its business operations and embarked upon the food and beverage business in June 2010. In order to maintain its competitiveness, the Group has in the first fiscal quarter of 2011 completed the disposal of part of its loss-making I.T. business. After such disposal, however, there has been no significant improvement on the overall performance of the I.T. business segment. Instead, gross profit margin of the I.T. business has been deteriorating due to the fierce competition within the industry.

Facing with the current high inflation economic situation, costs in various aspects such as human resources, rental, utilities, etc. will continue to stand high and the Directors believe that the existing remaining I.T. business will continue to face a difficult year ahead. Under the above circumstances, the Directors consider that it is in the interest of the Group to dispose of the entire I.T. business so that the resources within the Group can be better allocated.

In late March 2012, the Company entered into a sale and purchase agreement to dispose of the I.T. business which provided an opportunity to the Group to better allocate its resources with a view to optimising the productivity of the Group's operation. The disposal had been duly approved by the shareholders of the Company at an extraordinary general meeting held on 18 April 2012. After the completion of the disposal, the Group now no longer engages in the I.T. business.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2012, the Group recorded a total turnover of HK$138.4 million (2011: HK$88.3 million), representing an increase of 57% compared with the previous year. Turnover generated from the continuing operations, food and beverage business, was HK$89.3 million (2011: HK$ 32.2 million), representing an increase of 177% compared with the previous year.

Net loss attributable to owners of the Company was HK$16.0 million (2011: HK$27.6 million).

Gross profit

The gross profit margin from the continuing operations of the Group was 68% (2011: 74%). It was resulted from the acquisition of Qualifresh Catering Limited ("Qualifresh"), which is currently providing food processing solution and catering services, the gross profit margin of which is not as high as the business of running restaurants in the Group.

Expenses

Total operating expenses for the continuing operations increased by 139% to HK$65.1 million (2011: HK$27.2 million). Such increase was attributable to the Group expanded its food and beverage business by acquiring a central kitchen which is providing food processing solutions and catering services and a group of companies which is running Shanghainese dining restaurants. In addition, the Group has opened three Japanese tonkatsu franchise outlets and four wellness cafés. The expansion of the food and beverage business led to an increase in the operating costs such as rental expense and staff salaries etc.

Financial resources and liquidity

During the year under review, the Group generally relies on internally generated funds and the net proceeds from the Rights Issue to finance its operation.

As at 31 March 2012, currents assets amounted to HK$77.5 million (2011: HK$64.9 million) of which HK$30.2 million (2011: HK$25.5 million) was cash and bank deposits, HK$15.5 million (2011: HK$6.7 million) was debtors, deposits and prepayment and HK$15.1 million (2011: HK$16.1 million) was assets of a disposed group classified as held for sale. The Group's current liabilities amounted to HK$70.8 million (2011: HK$17.3 million), including creditors, accruals and deposits received in the amount of HK$21.5 million (2011: HK$12.1 million) and liabilities directly associated with assets held for sale in the amount of HK$7.5 million (2011: HK$4.5 million). As at 31 March 2012, the convertible bonds amounted to HK$37.9 million (2011: HK$36.7 million) will be repayable within twelve months, it was treated as current liabilities in this financial year whereas it was included in the non-current liabilities in last financial year.

Current ratio and quick assets ratio as at 31 March 2012 was 1.10 and 1.08 respectively (2011: 3.74 and 3.73 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less pledged time deposits, pledged bank balance, time deposits and cash and bank balances to total equity, was 0.88 (2011: 1.02).

Foreign exchange

The Group received renminbi income from sales in the PRC. Fluctuations in exchange rates of renminbi currencies against foreign currencies can affect the Group's results of operations. During the year under review, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

As at 31 March 2012 and 2011, there were no Group's assets which have been pledged or charged except for a motor vehicle with carrying amount of HK$512,000 held under the obligation of finance lease as at 31 March 2011.

Capital commitments

As at 31 March 2012 and 31 March 2011, the Group had no material capital commitment.

Contingent liabilities

As at 31 March 2012, the Group did not have contingent liabilities. As at 31 March 2011, the Group had contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance in Hong Kong, with a maximum possible amount of HK$1.3 million in relation to subsidiary which had been disposed on June 2011.

Subsequent events

On 8 March 2012, the Company entered into an agreement with Figo Investments Limited, which is wholly owned by an executive Director, Mr. Lee Shun Hon, Felix, pursuant to which the Company agreed to sell the entire share capital of Armitage Technologies Holding (BVI) Limited ("ATHL(BVI)") at a total consideration with reference to the combined net assets value or net liabilities minus employees' compensation plus the shareholder's loans at the completion date. The transaction was completed on 24 April 2012.

On 23 April 2012, Top Now Limited ("Top Now"), an indirect wholly-owned subsidiary of the Company before the transaction, entered into a licence agreement with Regal Wealth Limited ("Regal Wealth"). Under the licence agreement, Regal Wealth agreed to grant to Top Now and its subsidiaries the exclusivity of the licence rights in Asia excluding Japan, Malaysia and Thailand to operate ramen and izakaya businesses.

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 2012) issued by PJ Partners Pte Limited ("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 and 2.5 times P/E of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US$2,000,000 to convert to common shares of PJ Partners up to 75% or minimum 25%.

At initial recognition, the loan receivable component of PJ Convertible Bond was recognised 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 amortised cost in subsequent measurement.

For derivative component of 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.

As at 31 March 2011 and 31 March 2012, the management assessed the possibility of conversion to the common shares of PJ Partner by referring to PJ Partner's financial performance and future prospect and concluded that the conversion is not likely to be occurred unless there are any changes in PJ Partner's financial performance and future prospect. Accordingly, the carrying amount of derivate component of PJ Convertible Bond was revalued to zero as at 31 March 2011.

On 10 February 2012, Marvel Success executed a supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond has 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 31 March 2012, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary.

Save as disclosed above, during both years under review, there was no ongoing 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 31 March 2012, the Group had 428 employees in Hong Kong and the PRC (2011: 392). 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 of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and 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 scheme adopte on 23 February 2003 ("Share Option Scheme").

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tang Sing Ming Sherman, aged 55, is the Chairman of the Board of Directors and the Chief Executive Officer of the Company. He completed his tertiary education in the United States of America and is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well-established hospitality group in Hong Kong which creates and operates a wide variety of food and beverage concepts. He has extensive experience in investment and operation of restaurants, cafes and bars. He is currently in charge of strategic planning, business development and policy making of the Group.

Mr. Lee Shun Hon, Felix, aged 71, is the founder of the Group. Mr. Lee completed his tertiary and post graduate education at the University of California, Berkeley, in the United States of America. With over 30 years of experience in the I.T. industry, Mr. Lee has established a strong business network and close relationship with customers.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Bhanusak Asvaintra, aged 67, obtained degrees from University of Pennsylvania and University of Chicago. Mr. Asvaintra held senior executive positions with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. In 1980, Mr. Asvaintra joined the Charoen Pokphand group of companies (the "Pokphand Group") and retired as the Chief Executive Officer of the Pokphand Group in 1998. Mr. Asvaintra is currently an Independent non-Executive Director of Dickson Concepts (International) Limited, a company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 113), since he was appointed to the post in September 2004.

Mr. Chan Kam Fai Robert, aged 55, has over 30 years' experience in international advertising agencies and multimedia operations, both in Hong Kong and mainland China. He is currently a Managing Director of an outdoor media specialist company.

Mr. Chung Kwok Keung Peter, aged 58, has over 20 years' experience in manufacturing business. He was a Director of Racing Champions Corporation, the shares of which are listed on the NASDAQ Stock Market in the United States of America, from April 1996 to May 2008. Mr. Chung is currently an operating partner of a private equity business.

SENIOR MANAGEMENT

Mr. Chan Wai Wong, aged 47, joined the Group in 2010. He is the Head of Corporate Affairs Department. He obtained a Bachelor of Commerce degree from the University of New South Wales, Australia and a Master of Business Administration degree from The Chinese University of Hong Kong. Mr. Chan has over 20 years of experience in auditing, consulting, financial management and business development and is responsible for overseeing the corporate development of the Group. Professionally, Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Cheung Nga Kuen, aged 49, joined the Group in 2010. Ms. Cheung is the Manager, Corporate Development, of the Group. She is responsible for the business development in Hong Kong and the PRC. She also oversees the human resources and administration affairs of the Group. Prior to joining the Group, she has been engaged in corporate development and management for over 10 years in different businesses. Ms. Cheung holds a Master of Business Administration degree and is a graduate member of The Hong Kong Institute of Chartered Secretaries.

Mr. Lam Yiu Chung Billy, aged 43, joined the Group in 2010 and he is currently the General Manager of the Japanese restaurant franchise of the Group's food and beverage business. He is responsible for the operation and development of the franchise in Hong Kong and the PRC. Prior to joining the Group, he has acquired substantial experience in the operation and management of hospitality industry especially in franchise operations and development. Mr. Lam holds a Higher Diploma in Hotel and Catering Management from The Hong Kong Polytechnic.

Mr. Ho King Yee, aged 36, joined the Group in 2006. He is the Financial Controller and Company Secretary of the Group. Mr. Ho is responsible for financial management, compliance reporting and company secretarial affairs of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants. He has more than 10 years of auditing and accounting experiences. Prior to joining the Group, he has worked in international certified public accountants firms. Mr. Ho holds a Bachelor of Arts degree in Accountancy from The Hong Kong Polytechnic University.

Mr. Chan Hoi Wing, Tewick, aged 47, joined the Group in 2010 as Manager, Internal Control. He is responsible for internal control, management report and MIS system setting as well as its continuous improvement both in Hong Kong and the PRC. Mr. Chan was trained in an international certified public accountants firm and has over 15 years of experience in hospitality industry where he was in charge of accounting and operational control. Mr. Chan holds a Bachelor degree in Accounting from University of Liverpool, United Kingdom and a Master degree in Hotel and Tourism Management from The Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chan Chi Keung, aged 48, joined the Group in 2012 as the General Manager of the Japanese curry brand and wellness café chain. Mr. Chan is responsible for the development and operation of chain outlets under these two brands. Prior to joining the Group, he had worked in various leading catering companies in the region. Mr. Chan has over 25 years' experience in F&B management.

Mr. Chung Hoi Shuen, aged 39, joined the Group in 2011 as the General Manager of our subsidiary specialising in food processing and catering services. With near 20 years' experience in the F&B industry, Mr. Chung is mainly responsible for the management and day-to-day operation of the catering services division, as well as product research and development of the Group. Mr. Chung obtained his Bachelor of Science degree in Food Science and Technology from The Hong Kong Polytechnic University.

Mr. Tang Chi Fai, aged 35, joined the Group in 2011. Currently, Mr. Tang holds the position of Operation Manager of our Shanghainese restaurants, primary taking charge of the development and daily operations of our Shanghainese cuisine. Mr. Tang has accumulated experiences in the F&B industry over 15 years.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders their annual report together with the audited consolidated financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment holding and those of the subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on pages 33 and 34.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2012.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2012 and the assets and liabilities of the Group as at 31 March 2008, 2009, 2010, 2011 and 2012 are set out on pages 111 and 112.

PLANT AND EQUIPMENT

The Group purchased and disposed of plant and equipment in the amount of approximately HK$22,610,000 and HK$336,000, respectively, during the year ended 31 March 2012. Detailed movements in plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds are set out in note 30 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 27 to the consolidated financial statements. Shares were issued during the year by Rights Issue.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 37 and note 28 to the consolidated financial statements respectively.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions disclosed in note 39 to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The details of connected transactions during the year under the GEM Listing Rules are set out in note 39 to the consolidated financial statements. These connected transactions fall under the definition of "connected transaction" in Chapter 20 of the GEM Listing Rules and the Company confirmed that it had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who held office during the year and up to the date of this report were:

Executive Directors:

Mr. Tang Sing Ming Sherman *(Chairman)*
Mr. Lee Shun Hon, Felix

Independent non-executive Directors:

Mr. Bhanusak Asvaintra
Mr. Chan Kam Fai Robert
Mr. Chung Kwok Keung Peter

In accordance with Articles 87(1) of the Company's Articles of Association, Mr. Bhanusak Asvaintra shall retire from office and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

The term of independent non-executive directorships of Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter under each of their respective letter of appointment is 3 years from 18 February 2010 to 17 February 2013 unless terminated by either party giving to the other not less than 1 month notice.

The executive Director, Mr. Tang Sing Ming Sherman, had entered into a service contract for 3 years commencing from 18 February 2010. The said service contract may be terminated by either party at any time by giving to the other not less than 1 month written notice or payment of salary in lieu of notice.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (cont'd)

The executive Director, Mr. Lee Shun Hon, Felix, had entered into a service contract for 1 year commencing from 1 April 2012. The said service contract may be terminated by either party at any time by giving to the other not less than 1 month written notice or payment of salary in lien of notice.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules as at 31 March 2012 and the Company still considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 19 to 20 of this Annual Report.

SHARE OPTIONS

Pursuant to the written resolutions passed by all the shareholders of the Company on 26 February 2003, the Company adopted the following share option scheme:

Share Option Scheme

The purpose of the share option scheme (the "Share Option Scheme") is to provide the participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

Subject to the terms of the Share Option Scheme, the committee (the "Committee") which was authorised and charged by the Board with the administration of the Share Option Scheme may, at any time, offer to grant to any employee, agent, consultant or representative of the Company or any of its subsidiaries, including any executive or non-executive Director of the Company or any subsidiary of the Company who, the Committee may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable human resources of the Group based on his or her work experience, knowledge in the industry and other relevant factors, options ("Share Options") to subscribe for such number of shares as the Committee may determine at the exercise price.

SHARE OPTIONS (cont'd)

Share Option Scheme (cont'd)

The maximum number of shares to be issued in respect of which options may be granted (together with shares in respect of which options are then outstanding under the Share Option Scheme or any other schemes of the Company) under the Share Option Scheme shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The maximum entitlement for any one participant (including both exercised and outstanding options) in any twelve months period shall not exceed 1% of the total number of shares in issue.

An option may be exercised in whole or in part in the manner provided in the Share Option Scheme by a grantee (or, as the case may be, by his or her legal personal representative) giving notice in writing to the Company after it has vested at any time during the period (the "Option Period") commencing one year after the date of the grant of the option, which shall be not less than three years nor more than ten years from the date an option is offered (the "Offer Date"). No performance target is required to be reached by the participant before any option can be exercised.

A sum of HK$1 is payable by the participant on acceptance of the option offer.

The exercise price for the shares (the "Exercise Price") in relation to options to be granted under the Share Option Scheme shall be determined by the Committee and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Offer Date; and

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date (where the Company has been listed on the GEM of the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing).

provided that the Exercise Price shall not be lower than the nominal value of the shares.

As at 31 March 2012, Share Options to subscribe for an aggregate of 48,500,000 shares (representing approximately 2.9% of the enlarged issued share capital of the Company) have been granted to employees of the Group.

Detailed movements of share options granted under the Share Option Scheme are set out in note 32 to the consolidated financial statements.

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

As at 31 March 2012, the interests or short positions of the Directors or chief executives 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 2)
Mr. Tang Sing Ming Sherman ("Mr. Tang")	Corporate	1,073,810,083	(Note 1)	65.36%
Mr. Lee	Personal	3,100,000		0.19%

Notes:

1. These shares are held by First Glory Holdings Limited ("First Glory") which is wholly and beneficially owned by 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 650,000,000 shares of the Company will be issued upon full conversion at the adjusted conversion price of HK$0.060 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 SFO, in the said 1,073,810,083 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 1,642,950,000 shares of the Company in issue as at 31 March 2012.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (cont'd)

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

Name	Type of interests	Number of shares		Approximate percentage of the issued share capital (Note 2)
Mr. Tang	Corporate	650,000,000	(Note 1)	39.56%

Notes:

1. The said 650,000,000 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 at the adjusted conversion price of HK$0.060 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 SFO, in the Convertible Bonds held by First Glory.

2. Based on 1,642,950,000 shares of the Company in issue as at 31 March 2012.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (cont'd)

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

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

Name	Date of grant	Exercise price per share (Note 4)	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Tang	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.30%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.30%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.30%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.06%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.03%	500,000

Notes:

3. Based on 1,642,950,000 shares of the Company in issue as at 31 March 2012.

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 was made on 28 October 2011 to HK$0.138 per share as a result of the Rights Issue by the Company in the third fiscal quarter.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (cont'd)

(c) Interests in the shares of associated corporations of the Company

Name	Name of associated corporation	Capacity	Number of ordinary shares	Percentage of interest held
Mr. Tang	First Glory	Beneficial owner	1	100%

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures	
Mr. Tang	Corporate	HK$39 million	(Note)

Note:

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. A total of 650,000,000 shares will be issued upon full conversion of the Convertible Bonds at the adjusted conversion price of HK$0.060 per share.

Save as disclosed herein, as at 31 March 2012, 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 executives of the Company, as at 31 March 2012, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float under the GEM Listing Rules.

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 Sing Ming Sherman, 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 Yu Joy 漁喜小菜皇), Western restaurants (namely The Peak Lookout, Jimmy's Kitchen, Steik World Meats, El Pomposo, Agave, Club 97, La Dolce Vita 97 and iL Posto 97), Japanese restaurants (Rei 礼 and Naha 那霸沖繩料理) and cake/café restaurants (Italian Tomato). Mr. Tang and his associates currently operate one restaurant in the PRC, namely Jimmy's Kitchen Shanghai. The information of these restaurants, including their locations and menus, can be found in the website www.epicurean.com.hk (which is not the website of the Company).

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which are Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the name Xia Fei 霞飛 and a wellness concept café under the name of Quick & Fresh, and other restaurants including the Japanese curry specialty shop Shirokuma Curry), 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.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 11% of the total sales for the year and sales to the largest customer included therein amounted to approximately 4%. Purchase from the Group's five largest suppliers accounted for approximately 40% of the total purchase for the year and purchase from the largest supplier included therein amounted to approximately 11%.

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers and suppliers during the year.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, save and except that the Rights Issue by the Company on the basis of one rights share for every two existing shares at HK$0.06 per rights share. Please refer to the prospectus of the Company dated 28 October 2011 and the announcement of the Company dated 16 November 2011 for further details.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITOR

A resolution to re-appoint the retiring auditor, Messrs. PKF, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Tang Sing Ming Sherman
Chairman
Hong Kong, 11 June 2012

INDEPENDENT AUDITOR'S REPORT

PKF
Accountants &
business advisers

大信梁學濂(香港)會計師事務所

26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EPICUREAN AND COMPANY, LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Epicurean and Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 110, which comprise the consolidated and Company's statements of financial position as at 31 March 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY (cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants
Hong Kong, 11 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Continuing operations			
Turnover	4	**89,272**	32,226
Cost of sales		**(28,777)**	(8,422)
Gross profit		**60,495**	23,804
Other income	5	**1,118**	728
Operating expenses		**(65,080)**	(27,173)
Operating loss		**(3,467)**	(2,641)
Finance costs	6(a)	**(3,462)**	(2,366)
Loss before income tax	6	**(6,929)**	(5,007)
Income tax expense	8(a)	**(34)**	(658)
Loss for the year from continuing operations		**(6,963)**	(5,665)
Discontinued operations			
Loss for the year from discontinued operations	9	**(8,943)**	(21,976)
Loss for the year	10	**(15,906)**	(27,641)
Other comprehensive loss, net of tax			
Exchange loss arising on translation of financial statements of foreign operations		**(616)**	(345)
Total comprehensive loss for the year		**(16,522)**	(27,986)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(16,021)**	(27,641)
Non-controlling interests		**115**	–
		(15,906)	(27,641)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(16,637)**	(27,986)
Non-controlling interests		**115**	–
		(16,522)	(27,986)
Loss per share (HK cents)	12		
From continuing and discontinued operations			
– Basic		**(1.23)**	(2.60)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(0.54)**	(0.53)
– Diluted		**N/A**	N/A
From discontinued operations			
– Basic		**(0.69)**	(2.07)
– Diluted		**N/A**	N/A

The notes on pages 40 to 110 form part of these consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2012

	Note	Group 2012 HK$'000	Group 2011 HK$'000	Company 2012 HK$'000	Company 2011 HK$'000
NON-CURRENT ASSETS					
Plant and equipment	13	**21,818**	9,565	**–**	–
Interests in subsidiaries	14	**–**	–	**83,030**	50,491
Goodwill on consolidation	15	**4,936**	1,728	**–**	–
Development costs	16	**–**	–	**–**	–
Other intangible assets	17	**5,850**	1,168	**–**	–
Deferred tax assets	18	**2,852**	324	**–**	–
		35,456	12,785	**83,030**	50,491
CURRENT ASSETS					
Other financial assets	19	**15,550**	15,809	**–**	–
Financial assets at fair value through profit or loss	20	**–**	–	**–**	–
Inventories	21	**1,010**	160	**–**	–
Debtors, deposits and prepayments	22	**15,489**	6,735	**122**	124
Amount due from a related company	23	**–**	515	**–**	–
Income tax recoverable		**121**	–	**–**	–
Time deposits	24	**612**	2,367	**–**	–
Cash and bank balances	24	**29,628**	23,173	**6,643**	9,974
		62,410	48,759	**6,765**	10,098
Assets of a disposal group classified as held for sale	25	**15,111**	16,093	**–**	–
		77,521	64,852	**6,765**	10,098
DEDUCT:					
CURRENT LIABILITIES					
Convertible bonds	30	**37,927**	–	**37,927**	–
Amount due to a related company	23	**1,289**	–	**–**	–
Bank loans, secured	29 & 37	**387**	–	**–**	–
Creditors, accruals and deposits received	26	**21,537**	12,083	**1,472**	217
Income tax payable		**2,075**	771	**–**	–
		63,215	12,854	**39,399**	217
Liabilities directly associated with assets held for sale	25	**7,548**	4,472	**–**	–
		70,763	17,326	**39,399**	217
NET CURRENT ASSETS/ (LIABILITIES)		**6,758**	47,526	**(32,634)**	9,881

STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 31 March 2012

		Group		Company	
	Note	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**42,214**	60,311	**50,396**	60,372
NON-CURRENT LIABILITIES					
Convertible bonds	30	**–**	36,714	**–**	36,714
Deferred tax liabilities	18	**566**	–	**–**	–
Amount due to a related company	23	**1,289**	–	**–**	–
Other payables	26	**164**	–	**–**	–
		2,019	36,714	**–**	36,714
NET ASSETS		**40,195**	23,597	**50,396**	23,658
REPRESENTING:					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	27	**16,430**	10,953	**16,430**	10,953
Reserves	28	**22,607**	12,644	**33,966**	12,705
		39,037	23,597	**50,396**	23,658
Non-controlling interests		**1,158**	–	**–**	–
TOTAL EQUITY		**40,195**	23,597	**50,396**	23,658

The notes on pages 40 to 110 form part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 11 June 2012 and signed on its behalf by:

Tang Sing Ming Sherman
Director

Lee Shun Hon, Felix
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company									
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2010	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362	–	15,362
Conversion of convertible bonds – Notes 27 & 30	2,000	–	10,556	–	–	–	(700)	11,856	–	11,856
Placing of shares – Note 27	1,100	–	20,392	–	–	–	–	21,492	–	21,492
Acquisition of subsidiaries – Note 27	150	–	2,225	–	–	–	–	2,375	–	2,375
Recognition of equity-settled share-based payment expenses – Note 32	–	–	–	–	–	498	–	498	–	498
Total comprehensive loss for the year	–	(27,641)	–	–	(345)	–	–	(27,986)	–	(27,986)
At 31.3.2011 and 1.4.2011	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	–	23,597
Acquisition of a subsidiary – Note 33	–	–	–	–	–	–	–	–	1,043	1,043
Recognition of equity-settled share-based payment expenses – Note 32	–	–	–	–	–	384	–	384	–	384
Release upon disposal of a subsidiary – Note 34	–	–	–	–	(82)	–	–	(82)	–	(82)
Rights Issue – Note 27	5,477	–	26,298	–	–	–	–	31,775	–	31,775
Total comprehensive loss for the year	–	(16,021)	–	–	(616)	–	–	(16,637)	115	(16,522)
At 31.3.2012	**16,430**	**(88,963)**	**103,610**	**3,801**	**1,173**	**886**	**2,100**	**39,037**	**1,158**	**40,195**

The notes on pages 40 to 110 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax		
– continuing operations	**(6,929)**	(5,007)
– discontinued operations	**(9,319)**	(22,568)
Adjustments for:		
Foreign exchange gain	**(697)**	(401)
Interest income	**(73)**	(55)
Interest income from other financial assets	**(780)**	(884)
Imputed interest income from other financial assets	**(280)**	(304)
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years	**45**	138
Interest expense on convertible bonds	**1,172**	1,186
Imputed interest expense on convertible bonds	**1,213**	1,163
Finance charges on obligation under finance lease	**8**	18
Depreciation of plant and equipment	**7,864**	2,936
Loss on disposal of plant and equipment	**59**	895
Amortisation of development costs	**–**	2,021
Amortisation of other intangible assets	**257**	1,641
Amortisation of transaction costs on other financial assets	**540**	712
Impairment loss on goodwill on consolidation	**–**	1,721
Impairment loss on development costs	**–**	10,737
Equity-settled share-based payment expenses	**384**	498
Impairment loss on trade debtors	**242**	2,520
Change in fair value on derivative component of other financial assets	**–**	633
Unrealised loss/(gain) on financial assets at fair value through profit or loss	**211**	(94)
Net loss on disposal of subsidiaries – Note 34	**5,332**	–
Operating loss before working capital changes	**(751)**	(2,494)
Increase in inventories	**(405)**	(96)
Increase in debtors, deposits and prepayments	**(5,145)**	(2,430)
Decrease/(increase) in amount due from a related company	**515**	(515)
Decrease in amount due to a related company	**(439)**	–
Increase in creditors, accruals and deposits received	**12,349**	1,225
Cash generated from/(used in) operations	**6,124**	(4,310)
Income tax paid	**(523)**	(416)
Interest received	**73**	55
Interest income from other financial assets	**778**	777
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years paid	**(45)**	(138)
Interest expense on convertible bonds paid	**(1,172)**	(1,186)
Finance charges on obligation under finance lease paid	**(8)**	(18)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**5,227**	(5,236)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of plant and equipment	**(22,610)**	(6,018)
Net payment for acquisition of subsidiaries – Note 33	**(7,153)**	(4,559)
Sales proceeds from disposal of plant and equipment	**29**	121
Net proceeds from disposal of interests in subsidiaries – Note 34	**1,905**	–
Payment for acquisition of other intangible assets	**(1,303)**	(36)
Payment for purchase of financial assets at fair value through profit or loss	**–**	(10)
Increase in development costs	**–**	(1,212)
Decrease in pledged time deposits and bank balance	**–**	55
NET CASH USED IN INVESTING ACTIVITIES	**(29,132)**	(11,659)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from placing of shares	**–**	21,492
Net proceeds from Rights Issue	**31,775**	–
Payment of transaction cost on issue of share for acquisition of subsidiaries	**–**	(25)
Payment of transaction cost on conversion of convertible bonds	**–**	(3)
Capital element of finance lease rentals paid	**(43)**	(159)
Repayment of secured bank loans	**(401)**	(6,577)
NET CASH FROM FINANCING ACTIVITIES	**31,331**	14,728
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**7,426**	(2,167)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**29,998**	31,957
EFFECT OF EXCHANGE RATES CHANGES	**(45)**	208
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – Note 24	**37,379**	29,998

The notes on pages 40 to 110 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Epicurean and Company, Limited (formerly known as Armitage Technologies Holding Limited) (the "Company") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 8/F., Pedder Building, 12 Pedder Street, Central, Hong Kong. The Company and its subsidiaries (collectively the "Group") is engaged in the provision of food and beverage services, provision of information solutions and design, development and sales of application software packages for both years. Subsequent to the year, the Group disposed the entire business in provision of information solutions and design, development and sales of application software packages (see note 9 and 25(a)).

The Company is listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(IFRIC) – Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2011:–

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HKFRSs	Improvements to HKFRSs (2010)

The adoption of the new HKFRSs had no material impact on the Group's consolidated financial statements for the current or prior accounting periods.

2. BASIS OF PREPARATION (cont'd)

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 March 2012 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2011:

HKAS 19 (2011)	Employee Benefits [4]
HKAS 27	Separate Financial Statements [4]
HKAS 28	Investments in Associates and Joint Ventures [4]
HKFRS 9	Financial Instruments [6]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine [4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income [3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets [2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [5]
Amendments to HKFRS 7 (2010)	Disclosures – Transfers of Financial Assets [1]
Amendments to HKFRS 7 (2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities [4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis as modified by revaluation of financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company. Control is achieved where the Company has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year included in the profit or loss from the date that control commenced or up to the date that control ceased. When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at that date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of an investment in an associate or jointly controlled entity or other investments.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interest within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transaction, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the equity or deficiency in a subsidiary not attributable directly or indirectly to the Company, and in respect of those interest that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interest either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income or loss for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred to the Group, liabilities assumed by the Group from the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination and goodwill (cont'd)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(d) Revenue recognition

Revenue from provision of food and beverage services including services charges is recognised when catering services are provided.

Revenue from provision of system development services is recognised when the services are provided.

Revenue from provision of system integration services is recognised in the profit or loss by reference to the percentage of services performed to date bear to the total services to be performed.

Revenue from maintenance service contracts, which is received or receivable from customers once the maintenance service contracts are signed, is amortised and credited to the profit or loss on a straight line basis over the terms of the maintenance service contracts.

Revenue from system enhancement is recognised upon acceptance by the customers.

Revenue from sale of application software packages is recognised when the goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Plant and equipment

Plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is charged to the profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write down the cost of plant and equipment to their estimated residual values on a straight-line basis over their estimated useful lives at following annual rates and bases:–

Furniture, fixtures and equipment	10% to 50% or over the lease term whichever is shorter
Leasehold improvement	33.33% or over the lease term whichever is shorter
Motor vehicles	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the profit or loss on the date of retirement or disposal.

(f) Intangible assets (Other than goodwill)

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

Development costs are capitalised only when it can be demonstrated that completing the development is technically and financially feasible, the product under development will generate probable future economic benefits through sale or use, and the development expenditure can be measured reliably. Development costs which do not meet these criteria are expensed when incurred.

Amortisation is calculated to write off the costs of intangible assets over their estimated useful lives on a straight line basis as follows:–

Development costs	5 years
Software acquired	5 years
Trademark acquired	20 years
Franchise rights acquired	14 years
Brand name	10 years

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Interests in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Interests in subsidiaries are stated in the Company's statement of financial position at cost less any identified impairment loss. Income from subsidiaries is recognised in the Company's financial statements on the basis of dividends declared by the subsidiaries.

(h) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purposes of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months at the end of reporting period.

(ii) Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor without intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

Purchases and sales of investments are recognised on trade-date the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of nonmonetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains or losses from investment securities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each report period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged. For derivative financial assets that are linked to unquoted equity instruments, which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and must be settled by delivery of such unquoted equity instruments, it is carried at cost less impairment.

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(k) Borrowings and payables

Borrowings and payables are stated at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to accumulated profit or loss.

(m) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as incurred.

The fair value of share options granted to employees measured at the grant date and adjusted for the estimated number of shares that will eventually be vested is recognised as an employee cost on a straight-line basis over the vesting period, with a corresponding increase in an employee share-based compensation reserve.

For the purposes of diluted earnings per share, the exercise price of the options is adjusted for the cost of employee services to render in the remaining vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(o) Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred. Borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit or loss items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable when the Group recovers or settles the carrying amounts of assets or liabilities recognised in the consolidated financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or asset is realised.

Deferred tax is charged or credited to the profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Leases (cont'd)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligation under finance lease. Depreciation is provided at rates which writes off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 3(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(n). Finance charges implicit in the lease payments are charged to the profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

(t) Related parties

A person or a close member of that person's family is related to the company if that person (i) has control or joint control over the company; (ii) has significant influence over the company; or (iii) is a member of the key management personnel of the company or of a parent of the company.

An entity is related to the company if (i) the entity and the company are members of the same group of companies; (ii) the entity is an associate or a joint venture of either the company or a member of a group of which the company is a member; (iii) the company is an associate or joint venture of either the entity or a member of a group of which the entity is a member; (iv) the entity and the company are joint ventures of the same third party; (v) the entity is a joint venture of a third entity and the company is an associate of that third entity; (vi) the company is a joint venture of a third entity and the entity is an associate of that third entity; (vii) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company; (viii) the entity is controlled or jointly controlled by a person related to the company or a close member of that person's family; (ix) a person who has control or joint control over the company has significant influence over the entity; or (x) a person who has control or joint control over the company is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollar, which is also the Company's functional currency. The functional currency of the Company or its subsidiaries is the currency of the primary economic environment in which the Company or its subsidiaries operates.

Foreign currency transactions of the Company or its subsidiaries are initially recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of reporting period and the exchange differences arising are recognised in the profit or loss. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined and the exchange differences arising are recognised in the profit or loss, except for the exchange component of a gain or loss that is recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the end of reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising are recognised as a separate component of equity. Such translation differences are recognised in the profit or loss for the year in which the foreign operation is disposed of.

(v) Segment reporting

Operating segments, and amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Segment reporting (cont'd)

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is based on similar terms as those available to other external parties.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment assets included all tangible, intangible, non-current and current assets with the exception of corporate assets. Segment liabilities included current and non-current liabilities attributable to the individual segments.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items may comprise financial and corporate assets, interest-bearing loans, corporate and financing expenses and non-controlling interests.

(w) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Non-current assets held for sale and discontinued operations (cont'd)

(i) Non-current assets held for sale (cont'd)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets and financial assets (other than investments in subsidiaries). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current assets is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Critical accounting estimate and judgements

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the financial statements are disclosed below:

(i) Estimated useful lives of tangible assets

The Group estimates the useful lives of tangible assets based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of tangible assets would increase depreciation charges and decrease non-current assets.

(ii) Impairment of fixed assets, goodwill and other non-current assets

Determining whether fixed assets, goodwill and other non-current assets are impaired requires an estimation of the value in use of the cash-generating units to which the fixed assets, goodwill and other non-current assets have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

(iii) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and consider the amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

(iv) Fair value of identifiable assets and liabilities acquired through business combinations

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment is used to estimate the fair values of the assets and liabilities acquired.

4. TURNOVER

Turnover, for both continuing and discontinued operations, represents revenue recognised in respect of provision of food and beverage services, the provision of information solutions and design, development and sale of application software packages, net of discounts and business tax, during the year. An analysis of the turnover recorded for the year is set out below:–

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Provision of food and beverage services	**89,272**	32,226	**–**	–	**89,272**	32,226
Provision of information solutions						
– System development and integration	**–**	–	**3,977**	19,359	**3,977**	19,359
– Maintenance and enhancement income	**–**	–	**297**	2,340	**297**	2,340
Sales of application software packages and related maintenance income	**–**	–	**44,833**	34,409	**44,833**	34,409
	89,272	32,226	**49,107**	56,108	**138,379**	88,334

5. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest income from other financial assets	**780**	884	**–**	–	**780**	884
Imputed interest income from other financial assets	**280**	304	**–**	–	**280**	304
Amortisation of transaction costs on other financial assets	**(540)**	(712)	**–**	–	**(540)**	(712)
	520	476	**–**	–	**520**	476
Interest income	**1**	3	**72**	52	**73**	55
Unrealised gains on financial assets at fair value through profit or loss	**–**	–	**–**	94	**–**	94
Exchange gain	**547**	230	**151**	388	**698**	618
Miscellaneous items	**50**	19	**–**	4	**50**	23
	1,118	728	**223**	538	**1,341**	1,266

6. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Loss before income tax is arrived at after charging/(crediting):						
(a) Finance costs:–						
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years	**45**	–	**–**	138	**45**	138
Interest expense on convertible bonds	**1,172**	1,186	**–**	–	**1,172**	1,186
Finance charges on obligation under finance lease	**–**	–	**8**	18	**8**	18
Imputed interest expense on convertible bonds – Note 30	**1,213**	1,163	**–**	–	**1,213**	1,163
Other bank charges	**1,032**	17	**14**	66	**1,046**	83
	3,462	2,366	**22**	222	**3,484**	2,588
(b) Other items:–						
Amortisation of development costs	**–**	–	**–**	2,021	**–**	2,021
Amortisation of other intangible assets	**257**	1,635	**–**	6	**257**	1,641
Depreciation	**7,117**	2,069	**747**	921	**7,864**	2,990
Less: Amounts capitalised as development costs	**–**	–	**–**	(54)	**–**	(54)
	7,117	2,069	**747**	867	**7,864**	2,936
Auditor's remuneration	**834**	366	**10**	97	**844**	463
Operating lease rentals for properties	**16,892**	5,674	**2,004**	2,519	**18,896**	8,193
Less: Amounts capitalised as development costs	**–**	–	**–**	(47)	**–**	(47)
	16,892	5,674	**2,004**	2,472	**18,896**	8,146
Directors' remuneration – Note 7(a)	**1,568**	1,792	**–**	–	**1,568**	1,792
Other staff salaries and benefits	**25,087**	9,733	**19,944**	30,639	**45,031**	40,372
Retirement scheme contributions	**856**	343	**1,891**	2,051	**2,747**	2,394
Equity-settled share-based payment expenses	**276**	420	**–**	–	**276**	420
	26,219	10,496	**21,835**	32,690	**48,054**	43,186
Less: Amounts capitalised as development costs	**–**	–	**–**	(757)	**–**	(757)
Other staff costs	**26,219**	10,496	**21,835**	31,933	**48,054**	42,429
Impairment loss on trade debtors	**–**	–	**242**	2,520	**242**	2,520
Impairment loss on goodwill	**–**	–	**–**	1,721	**–**	1,721
Change in fair value on derivative component of other financial assets	**–**	633	**–**	–	**–**	633
Cost of inventories sold	**28,777**	8,422	**–**	–	**28,777**	8,422
Loss on disposal of plant and equipment	**–**	–	**59**	895	**59**	895
Unrealised loss on financial assets at fair value through profit or loss	**–**	–	**211**	–	**211**	–

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Details of emoluments paid by the Group to the Directors during the year are as follows:–

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2011					
Executive Directors:					
Mr. Tang Sing Ming Sherman	–	120	6	–	126
Mr. Lee Shun Hon, Felix	–	1,228	–	–	1,228
	–	1,348	6	–	1,354
Independent non-executive Directors:					
Mr. Bhanusak Asvaintra	120	–	–	26	146
Mr. Chan Kam Fai Robert	120	–	–	26	146
Mr. Chung Kwok Keung Peter	120	–	–	26	146
	360	–	–	78	438
	360	1,348	6	78	1,792

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (cont'd)

(a) Details of emoluments paid by the Group to the Directors during the year are as follows:– (cont'd)

	Fees HK$'000	Basic salaries allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2012					
Executive Directors:					
Mr. Tang Sing Ming Sherman	–	120	6	54	180
Mr. Lee Shun Hon, Felix	–	974	–	–	974
	–	**1,094**	**6**	**54**	**1,154**
Independent non-executive Directors:					
Mr. Bhanusak Asvaintra	120	–	–	18	138
Mr. Chan Kam Fai Robert	120	–	–	18	138
Mr. Chung Kwok Keung Peter	120	–	–	18	138
	360	**–**	**–**	**54**	**414**
	360	**1,094**	**6**	**108**	**1,568**

No Director waived any emoluments during the year.

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (cont'd)

(b) Five highest paid individuals

The remuneration of employees who were not Directors during the year and who were amongst the five highest paid individuals of the Group are as follows:–

	2012 **HK$'000**	2011 HK$'000
Basic salaries, allowances and benefits in kind	**2,127**	2,754
Equity-settled share-based payment expenses	**181**	259
Retirement scheme contributions	**48**	48
	2,356	3,061

The number of employees whose remuneration fell within the following band is as follow:–

	2012	2011
Nil – HK$1,000,000	**4**	4

8. INCOME TAX

(a) Taxation in the profit or loss represents:–

	2012 **HK$'000**	2011 HK$'000
Continuing operations		
Current tax	**1,616**	545
Deferred tax – Note 18	**(1,582)**	113
	34	658
Discontinued operations		
Current tax	**–**	57
Deferred tax – Note 18	**(376)**	(649)
	(376)	(592)
Income tax (credit)/expense	**(342)**	66

8. INCOME TAX (cont'd)

(a) Taxation in the profit or loss represents:– (cont'd)

(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 British Virgin Islands.

(ii) The Company's subsidiaries incorporated/established in Hong Kong and the PRC are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2011: 16.5% and 25% respectively).

(b) The income tax for the year can be reconciled to the loss before income tax for the year as follows:–

	2012 HK$'000	2011 HK$'000
Loss before income tax		
– Continuing operations	**(6,929)**	(5,007)
– Discontinued operations	**(9,319)**	(22,568)
	(16,248)	(27,575)
Tax effect at the Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**(2,681)**	(4,550)
Hong Kong and PRC tax rates differential	**94**	41
Tax effect of income that is not taxable	**(361)**	(553)
Tax effect of expenses that are not deductible	**2,664**	5,171
Effect on tax loss not recognised	**–**	16
Underprovision of deferred tax in prior year	**–**	(21)
Tax holiday	**–**	(38)
Tax refund	**(58)**	–
Income tax (credit)/expense	**(342)**	66

(c) The components of unrecognised deductible temporary differences in certain subsidiaries of the Company are as follows:–

	2012 HK$'000	2011 HK$'000
Deductible temporary differences (Note 8(c)(i))		
Unutilised tax losses (Note 8(c)(ii))	**10,723**	11,766

8. INCOME TAX (cont'd)

(c) The components of unrecognised deductible temporary differences in certain subsidiaries of the Company are as follows:– (cont'd)

(i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) There was no unutilised tax losses accumulated in the PRC subsidiaries (2011: approximately HK$1,043,000) would expire in five years from the respective year of loss. The unutilised tax losses accumulated in the Hong Kong subsidiaries amounted to approximately HK$10,723,000 (2011: approximately HK$10,723,000) can be carried forward indefinitely.

9. DISCONTINUED OPERATIONS

The shareholders of the Company passed an ordinary resolution at an extraordinary general meeting on 18 April 2012 to discontinue all the business of the provision of information solutions and design, development and sale of application software packages.

(a) Loss for the year for the provision of information solutions and design, development and sale of application software packages was as follows:–

	2012 **HK$'000**	2011 HK$'000
Turnover	**49,107**	56,108
Cost of sales and services rendered	**(17,744)**	(22,802)
Gross profit	**31,363**	33,306
Other income	**223**	538
Loss on disposal of subsidiaries – Note 34	**(5,332)**	–
Operating expenses	**(35,551)**	(45,453)
Impairment loss on development costs	**–**	(10,737)
Operating loss	**(9,297)**	(22,346)
Finance costs	**(22)**	(222)
Loss before income tax	**(9,319)**	(22,568)
Income tax credit	**376**	592
Loss for the year	**(8,943)**	(21,976)

9. DISCONTINUED OPERATIONS (cont'd)

(b) The net cash flows provided by provision of information solutions and design, development and sale of application software packages was as follows:–

	2012	2011
	HK$'000	HK$'000
Operating activities	**640**	12,084
Investing activities	**(933)**	(2,803)
Financing activities	**(42)**	(6,178)
	(335)	3,103

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company includes a loss of approximately HK$5,421,000 (2011: approximately HK$32,168,000) which has been dealt with in the financial statements of the Company.

11. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$16,021,000 (2011: HK$27,641,000) and the weighted average number of ordinary share of 1,300,295,000 (2011: 1,063,807,000 shares) in issue during the year ended 31 March 2012, calculated as follows:–

	2012		2011	
	Loss attributable to owners HK$'000	**Weighted average number of ordinary shares**	Loss attributable to owners HK$'000	Weighted average number of ordinary shares
Continuing operations	**(7,078)**	**(1,300,295,000)**	(5,665)	1,063,807,000
Discontinued operations	**(8,943)**	**(1,300,295,000)**	(21,976)	1,063,807,000
	(16,021)	**(1,300,295,000)**	(27,641)	1,063,807,000

Weighted average number of ordinary share

	2012 '000	2011 '000
Issued ordinary shares at the beginning of the year	**1,095,300**	770,300
Effect of Rights Issue – Note 27	**204,995**	–
Effect of conversion of convertible bond	**–**	189,041
Effect of placing of shares	**–**	93,123
Effect of consideration shares upon acquisition of subsidiaries	**–**	11,343
Weighted average number of ordinary shares at the end of the year	**1,300,295**	1,063,807

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2011 and 2012.

13. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1.4.2010	–	11,210	676	11,886
Exchange adjustment	9	149	19	177
Acquisition of subsidiaries – Note 33(b)	964	2,104	–	3,068
Additions	4,975	2,740	569	8,284
Classified as held for sale – Note 25(b)	–	(1,977)	(569)	(2,546)
Disposal	(73)	(7,589)	(228)	(7,890)
At 31.3.2011	5,875	6,637	467	12,979
Accumulated depreciation:				
At 1.4.2010	–	8,557	149	8,706
Exchange adjustment	5	86	5	96
Charge for the year	1,146	1,733	111	2,990
Classified as held for sale – Note 25(b)	–	(1,447)	(57)	(1,504)
Written back on disposal	(73)	(6,731)	(70)	(6,874)
At 31.3.2011	1,078	2,198	138	3,414
Net book value:				
At 31.3.2011	4,797	4,439	329	9,565
Cost:				
At 1.4.2011	5,875	6,637	467	12,979
Exchange adjustment	123	116	20	259
Acquisition of subsidiaries – Note 33(a)	346	888	–	1,234
Additions	15,147	6,296	1,167	22,610
Classified as held for sale – Note 25(a)	(2,084)	(2,885)	(1,014)	(5,983)
Disposal	–	(336)	–	(336)
At 31.3.2012	**19,407**	**10,716**	**640**	**30,763**
Accumulated depreciation:				
At 1.4.2011	1,078	2,198	138	3,414
Exchange adjustment	12	40	8	60
Charge for the year	4,780	2,910	174	7,864
Classified as held for sale – Note 25(a)	(366)	(1,545)	(234)	(2,145)
Written back on disposal	–	(248)	–	(248)
At 31.3.2012	**5,504**	**3,355**	**86**	**8,945**
Net book value:				
At 31.3.2012	**13,903**	**7,361**	**554**	**21,818**

14. INTERESTS IN SUBSIDIARIES

	2012 HK$'000	2011 HK$'000
Unlisted shares – Note 14(a)	**11,187**	11,187
Amounts due from subsidiaries – Note 14(c)	**130,676**	97,901
	141,863	109,088
Less: Impairment loss on investment cost	**(11,187)**	(11,187)
Less: Impairment loss on amounts due from subsidiaries	**(47,646)**	(47,410)
	83,030	50,491

(a) The carrying value of the Company's interests in subsidiaries is determined by the Directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to the reorganisation which took place on 6 December 2001.

(b) Details of the principal subsidiaries are as follows:–

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Attributable equity interest % Indirect	Issued/ registered capital	Principal activities
Marvel Success	BVI	100	–	US$1	Investment holding
Epicurean Management (Asia) Limited	Hong Kong	–	100	HK$1	Management services
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and Investment holding
Seton Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services
Albright Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services
Truth Company Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services

14. INTERESTS IN SUBSIDIARIES (cont'd)

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Indirect	Issued/ registered capital	Principal activities
Hobby Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
U-Well Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$500,000	Provision of food and beverage services
Qualifresh	Hong Kong	–	70	HK$3,350,000	Provision of food and processing solutions and catering services
Origin Limited	Hong Kong	–	100	HK$100	Provision of food and beverage services
Broadwill Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadease Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Belwide Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Liteway Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
ATHL(BVI)*	BVI	100	–	HK$1,020,130	Investment holding
Guangzhou Armitage Technologies Limited*	PRC	–	100	RMB6,800,000	Design, development and sales of application software packages and provision of information solutions

* These subsidiaries were disposed on 24 April 2012.

(c) The amounts are interest-free, unsecured and have no fixed repayment term. The Directors consider that the carrying amounts of amounts due from subsidiaries approximate their fair values.

15. GOODWILL ON CONSOLIDATION

	2012 HK$'000	2011 HK$'000
Cost:		
At the beginning of the year	**3,449**	1,721
Acquisition of subsidiaries – Note 33	**3,208**	1,728
Classified as held for sale	**(1,721)**	–
At the end of the year	**4,936**	3,449
Impairment:		
At the beginning of the year	**1,721**	–
Impairment loss for the year	**–**	1,721
Classified as held for sale	**(1,721)**	–
At the end of the year	**–**	1,721
Carrying amount:		
At the end of the year	**4,936**	1,728

Impairment test for goodwill

The recoverable amount has been determined based on a value in use calculation using cash flow projection which is based on financial budget approved by management covering a period of five years. The discounted rate applied to cash flow projection is 9.33%.

15. GOODWILL ON CONSOLIDATION (cont'd)

Key assumptions used in value in use calculations

The followings describe each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

– *Budgeted turnover*

The basis used to determine the budgeted turnover is with reference to the expected growth rate of the market in which the assessed entity operates.

– *Budgeted gross margins*

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the first budgeted year, increased for expected efficiency improvements.

– *Business environment*

There will be no major changes in the existing political, legal and economic conditions in Hong Kong in which the assessed entity carries on its business.

For the years ended 31 March 2012 and 2011, management determines that except for impairment loss on goodwill of HK$1,721,000 which under the discontinued operations, information technology business, no any other impairment on goodwill based on a value in use is considered necessary. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of units to exceed its aggregate recoverable amount.

16. DEVELOPMENT COSTS

	2012 HK$'000	2011 HK$'000
Cost:		
At the beginning of the year	**52,277**	50,014
Exchange adjustment	**–**	997
Additions	**–**	1,266
Classified as held for sale	**(52,277)**	–
At the end of the year	**–**	52,277
Accumulated amortisation:		
At the beginning of the year	**25,339**	22,803
Exchange adjustment	**–**	515
Charge for the year	**–**	2,021
Classified as held for sale	**(25,339)**	–
At the end of the year	**–**	25,339
Accumulated impairment loss:		
At the beginning of the year	**26,938**	15,857
Exchange adjustment	**–**	344
Charge for the year	**–**	10,737
Classified as held for sale	**(26,938)**	–
At the end of the year	**–**	26,938
Net book value:		
At the end of the year	**–**	–

Given expected continuing losses and decreasing demand of the Group's products in information technology segment, the Directors considered that the development costs will not be recoverable based on the estimation of the recoverable amount as at 31 March 2011. Accordingly, full impairment was made during the year ended 31 March 2011.

17. OTHER INTANGIBLE ASSETS

	Trademark HK$'000	Franchise rights HK$'000	Servicing contracts HK$000	Brand name HK$'000	Total HK$'000
Cost:					
At 1.4.2010	110	–	–	–	110
Acquisition of subsidiaries – Note 33(b)	–	1,207	1,572	–	2,779
Additions	36	–	–	–	36
Classified as held for sale – Note 25(b)	(122)	–	–	–	(122)
At 31.3.2011	24	1,207	1,572	–	2,803
Accumulated amortisation:					
At 1.4.2010	40	–	–	–	40
Charge for the year	6	63	1,572	–	1,641
Classified as held for sale – Note 25(b)	(46)	–	–	–	(46)
At 31.3.2011	–	63	1,572	–	1,635
Net book value:					
At 31.3.2011	24	1,144	–	–	1,168

17. OTHER INTANGIBLE ASSETS (cont'd)

	Trademark HK$'000	Franchise rights HK$'000	Servicing contracts HK$000	Brand name HK$000	Total HK$'000
Cost:					
At 1.4.2011	24	1,207	1,572	–	2,803
Acquisition of subsidiaries – Note 33(a)	–	–	–	3,636	3,636
Additions	218	1,085	–	–	1,303
At 31.3.2012	**242**	**2,292**	**1,572**	**3,636**	**7,742**
Accumulated amortisation:					
At 1.4.2011	–	63	1,572	–	1,635
Charge for the year	–	84	–	173	257
At 31.3.2012	**–**	**147**	**1,572**	**173**	**1,892**
Net book value:					
At 31.3.2012	**242**	**2,145**	**–**	**3,463**	**5,850**

18. DEFERRED TAX

The following is deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year are as follows:–

	Tax losses HK$'000	Accelerated depreciation allowances HK$'000	Impairment loss on trade debtors HK$'000	Brand name HK$'000	Total HK$'000
At 1.4.2010	(1,412)	100	(305)	–	(1,617)
Exchange adjustment	–	–	(17)	–	(17)
Acquisition on subsidiaries – Note 33(b)	(195)	224	–	–	29
Classified as held for sale – Note 25(b)	1,805	12	–	–	1,817
Credit for the year – Note 8(a)	(244)	(148)	(144)	–	(536)
At 31.3.2011 and 1.4.2011	(46)	188	(466)	–	(324)
Brought forward from held for sale for last year – Note 25(b)	(1,805)	(12)	–	–	(1,817)
Exchange adjustment	(3)	–	(20)	–	(23)
Acquisition on subsidiaries – Note 33(a)	(820)	(617)	–	591	(846)
Classified as held for sale – Note 25(a)	186	–	491	–	677
Disposal of subsidiaries – Note 34	1,991	14	–	–	2,005
Credit for the year – Note 8(a)	(1,742)	(186)	(5)	(25)	(1,958)
At 31.3.2012	**(2,239)**	**(613)**	**–**	**566**	**(2,286)**

Represented by: –

	2012 HK$'000	2011 HK$'000
Deferred tax liabilities	**566**	–
Deferred tax assets	**(2,852)**	(324)
	(2,286)	(324)

19. OTHER FINANCIAL ASSETS

	2012 HK$'000	2011 HK$'000
Convertible bond		
– Loan receivable component	**15,550**	15,809
– Derivative component	**–**	–
	15,550	15,809
Less: Loan receivable with maturity date within twelve months (shown under current liabilities)	**(15,550)**	(15,809)
Non-current portion of other financial assets	**–**	–

On 10 February 2010, a wholly-owned subsidiary of the Company, 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 2012) issued by PJ Partners Pte Limited ("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 and 2.5 times P/E of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US$2,000,000 to convert to common shares of PJ Partners up to 75% or minimum 25%.

At initial recognition, the loan receivable component of PJ Convertible Bond was recognised 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 amortised cost in subsequent measurement.

For derivative component of 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.

As at 31 March 2011 and 31 March 2012, the management assessed the possibility of conversion to the common 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. Accordingly, the carrying amount of derivative component of PJ Convertible Bond was revalued to zero since 31 March 2011.

On 10 February 2012, Marvel Success executed a supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond has 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 31 March 2012, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK$'000	2011 HK$'000
Listed shares in Hong Kong, at market value	**–**	974
Classified as held for sale – Note 25	**–**	(974)
	–	–

21. INVENTORIES

	2012 HK$'000	2011 HK$'000
Raw materials	**1,010**	160

22. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	Group		Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Trade debtors	**4,332**	2,939	**–**	–
Less: Accumulated impairment loss (note 22(b))	**–**	(2,809)	**–**	–
	4,332	130	**–**	–
Rental and utility deposits	**8,802**	3,243	**–**	–
Prepayments	**611**	1,734	**122**	124
Interest receivable	**109**	107	**–**	–
Other debtors	**1,635**	1,521	**–**	–
	15,489	6,735	**122**	124

22. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

(a) Aging analysis

The Group allows its customers credit period of 30 days to 60 days depending on their creditworthiness. The following is an aging analysis of trade debtors (net of allowance for doubtful debts) at the end of reporting period:–

	2012 HK$'000	2011 HK$'000
0 – 30 days	3,111	96
31 – 60 days	153	–
61 – 90 days	207	–
91 – 180 days	299	32
181 – 365 days	562	2
	4,332	130

(b) Movements of the allowance during the year were as follows:–

	2012 HK$'000	2011 HK$'000
At the beginning of the year	2,809	1,932
Impairment loss for the year	242	2,520
Uncollectible amounts written off	(549)	(1,739)
Exchange adjustment	115	96
Classified as held for sale	(2,617)	–
At the end of the year	–	2,809

22. DEBTORS, DEPOSITS AND PREPAYMENTS (cont'd)

(c) Trade debtors that are not impaired

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

	2012	2011
	HK$'000	HK$'000
Neither past due nor impaired	**788**	96
Past due but not impaired:		
0 – 30 days	**2,323**	–
31 – 60 days	**153**	–
61 – 90 days	**207**	–
91 – 180 days	**299**	32
181 – 365 days	**562**	2
	3,544	34
	4,332	130

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

23. AMOUNT DUE FROM/(TO) A RELATED COMPANY

The amounts are interest-free and unsecured.

The amount due from a related company has no fixed repayment term. The amount due to a related company is repayable as follow:–

	2012 HK$'000	2011 HK$'000
Within one year	1,289	–
More than one year but within five years	1,289	–
	2,578	–
Less: Amount repayable within one year (shown under current liabilities)	(1,289)	–
Non-current portion	1,289	–

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Time deposits	612	2,367	–	–
Cash and bank balances	29,628	23,173	6,643	9,974
	30,240	25,540	6,643	9,974
Cash and cash equivalents included in disposal group classified as held for sale – Note 25	7,139	4,458	–	–
	37,379	29,998	6,643	9,974

25. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) Pursuant to an agreement dated 8 March 2012 entered between the Company and Figo Investments Limited (the "Purchaser"), which is wholly-owned by Mr. Lee Shun Hon, Felix, an executive Director of the Company, the Company disposed of 100% interest in ATHL(BVI) at a total consideration with reference to the combined net assets value or net liabilities minus employees' compensation plus the shareholder's loans at the completion date. After the completion of disposal of ATHL(BVI), the Company discontinued its business in the provision of information solutions and design, development and sale of application software packages. The disposal was completed on 24 April 2012.

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 31 March 2012 are as follows:–

	Note	HK$'000
Assets		
Plant and equipment	13	3,838
Deferred tax	18	677
Debtors, deposits and prepayments		3,457
Time deposits	24	617
Cash and bank balances	24	6,522
Assets classified as held for sale		15,111
Liabilities		
Creditors, accruals and deposits received		7,548
Liabilities classified as held for sale		7,548
Net assets classified as held for sale		7,563

Cumulated income recognised directly in equity relating to disposal group classified as held for sale:–

	HK$'000
Exchange reserve	1,211

25. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (cont'd)

(b) Pursuant to an agreement dated 25 January 2011 entered between two wholly-owned subsidiaries of the Company, Alpha Skill Holdings Limited and Armitage Holdings Limited (collectively as the "Vendor") and an independent third party (the "Purchaser"), the Vendor disposed of 100% interest in two subsidiaries engaged in the provision of information solutions and sales of application software packages, Armitage Technologies Limited ("ATL(HK)") and Armitage Technologies (Shenzhen) Limited ("ATL(SZ)"), at a total consideration with reference to the combined net assets value or net liabilities plus the shareholder's loans at the completion date. ATL(HK) and ATL(SZ) are included in the Group's information technologies segment reporting purposes.

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 31 March 2011 are as follows:–

	Note	HK$'000
Assets		
Plant and equipment	13	1,042
Other intangible assets	17	76
Club debenture, at cost		200
Deferred tax assets	18	1,817
Financial assets at fair value through profit or loss	20	974
Debtors, deposits and prepayments		7,526
Time deposits		1,500
Cash and bank balances		2,958
Assets classified as held for sale		16,093
Liabilities		
Obligation under finance lease	31	421
Creditors, accruals and deposits received		4,051
Liabilities classified as held for sale		4,472
Net assets classified as held for sale		11,621

Cumulated income recognised directly in equity relating to disposal group classified as held for sale:–

	HK$'000
Exchange reserve	150

26. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:–

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors	**6,470**	3,574	**–**	–
Deposit received	**–**	300	**–**	–
Accruals and provisions	**12,639**	8,033	**1,472**	217
Other creditors	**2,592**	176	**–**	–
	21,701	12,083	**1,472**	217
Less: Classified in non-current liabilities	**(164)**	–	**–**	–
Classified in current liabilities	**21,537**	12,083	**1,472**	217

The following is an aging analysis of trade creditors:–

	2012	2011
	HK$'000	HK$'000
0 – 30 days	**4,186**	1,252
31 – 60 days	**2,207**	1,375
61 – 90 days	**–**	36
91 – 180 days	**77**	135
Over 180 days	**–**	776
	6,470	3,574

27. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

Ordinary shares of HK$0.01 each

	2012		2011	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
At the beginning of the year	**5,000,000,000**	**50,000**	2,000,000,000	20,000
Increase	**–**	**–**	3,000,000,000	30,000
At the end of the year	**5,000,000,000**	**50,000**	5,000,000,000	50,000
Issued and fully paid:				
At the beginning of the year	**1,095,300,000**	**10,953**	770,300,000	7,703
Rights Issue (i)	**547,650,000**	**5,477**	–	–
Conversion of convertible bonds (ii)	**–**	**–**	200,000,000	2,000
Placing of shares (iii)	**–**	**–**	110,000,000	1,100
Acquisition of subsidiaries (iv)	**–**	**–**	15,000,000	150
At the end of the year	**1,642,950,000**	**16,430**	1,095,300,000	10,953

By an ordinary resolution passed at the annual general meeting held on 29 July 2010, the Company's authorised ordinary share capital was increased to HK$50,000,000 by creation of an additional 3,000,000,000 ordinary shares of HK$0.01 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

Notes:

(i) On 16 November 2011, the Company has raised HK$31.8 million after expenses by way of a rights issue pursuant to which 547,650,000 ordinary shares of the Company have been issued. The net proceeds from the Rights Issue are intended to enhance the Group's current network of F&B brands by opening new restaurants or upgrading existing restaurants, pursue new and appropriate business opportunities primarily in the F&B sector that complement the existing platform of the Group and as general working capital for the day-to-day operation of the Group.

(ii) On 21 April 2010, Convertible Bonds amounted to HK$13,000,000 were exercised by the Convertible Bonds holder, as a result the Company issued 200,000,000 ordinary shares of HK$0.01 each of the Company at a conversion price of HK$0.065 per share with issuing costs of approximately HK$3,000.

27. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (cont'd)

(a) Share capital (cont'd)

(iii) On 27 May 2010, the Company issued 110,000,000 ordinary shares of HK$0.01 each at a subscription price of HK$0.20 each pursuant to the placing and subscription agreement dated 18 May 2010 with net proceed of approximately HK$21,492,000 after deduction of issuance expense of approximately HK$508,000. More details are set out in the Company's announcement dated 18 May 2010.

(iv) On 7 June 2010, the Company issued 15,000,000 ordinary shares of HK$0.01 each as a consideration for the acquisition of subsidiaries as mentioned in note 33 at HK$0.16 per share, representing the market price of the Company's share at the date of completion of the acquisition. The issuance expenses are approximately HK$25,000.

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less pledged time deposits and cash and bank balances. Equity capital comprises all components of equity (i.e. share capital, share premium, accumulated losses and reserves). The debt-to-equity capital ratios at 31 March 2011 and 31 March 2012 are as follows:–

	2012	2011
	HK$'000	HK$'000
Total debts	**72,782**	54,040
Time deposits	**(1,229)**	(3,867)
Cash and bank balances	**(36,150)**	(26,131)
Net debt	**35,403**	24,042
Total equity	**40,195**	23,597
Debt-to-equity capital ratio	**0.88**	1.02

28. RESERVES

	Share premium HK$'000	Accumulated losses HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000
The Company					
At 1.4.2010	54,125	(45,027)	4	2,800	11,902
Recognition of equity-settled share-based payment expenses – Note 32	–	–	498	–	498
Conversion of equity component of convertible bonds – Note 30	10,556	–	–	(700)	9,856
Placing of shares	20,392	–	–	–	20,392
Acquisition of subsidiaries	2,225	–	–	–	2,225
Total comprehensive loss for the year	–	(32,168)	–	–	(32,168)
At 31.3.2011 and 1.4.2011	87,298	(77,195)	502	2,100	12,705
Recognition of equity-settled share-based payment expenses – Note 32	–	–	384	–	384
Rights Issue	26,298	–	–	–	26,298
Total comprehensive loss for the year	–	(5,421)	–	–	(5,421)
At 31.3.2012	**113,596**	**(82,616)**	**886**	**2,100**	**33,966**

(a) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital of ATHL(BVI) and the value of the underlying net assets of ATHL(BVI) and its subsidiaries at the date they were acquired by the Company. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) As at 31 March 2012, in the opinion of the Directors, the reserves of the Company available for distribution to the shareholders amounted to approximately HK$33,966,000 (2011: approximately HK$12,705,000), subject to the restrictions stated in note 28(a) above.

29. BANK LOANS – SECURED

BANK LOANS	**2012** **HK$'000**	2011 HK$'000
Bank loan, secured	**387**	–

The secured bank loan is interest-bearing at 9.33% per annum, repayable within one year, denominated in Hong Kong dollar and secured by personal guarantee provided by a minority shareholder of a subsidiary of the Company.

30. CONVERTIBLE BONDS

On 10 February 2010, the Company issued convertible bonds in the principal amount of HK$52,000,000 to First Glory with transaction costs of HK$2,000,000. The convertible bonds bear interest at 3% per annum with a maturity date of 9 February 2013, and are convertible into shares of the Company at the conversion price of HK$0.065 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of the convertible bonds are set out in the Company's circular dated on 22 January 2010.

The liability component included in convertible bonds was initially recognised at approximately HK$47,200,000, represents the fair value of liability component of approximately HK$49,088,000 at the date of issue less allocated transaction costs of approximately HK$1,888,000. The fair value of the liability component was estimated by discounted cash flows method using a market interest rate for an equivalent non-convertible debt.

The residual amount of approximately HK$2,800,000, representing the value of the equity conversion component of approximately HK$2,912,000 less allocated transaction costs of approximately HK$112,000, was included in the convertible bonds equity reserve of the owners' equity.

The allocation of transactions costs was based on proportion between the allocated values of liability and equity conversion components at initial recognition. The transaction costs allocated to liability component is amortised over the expect life of convertible bonds by using effective interest method and included in imputed interest expenses.

On 21 April 2010, First Glory converted 25% of its convertible bonds, equivalent to the principal amount of HK$13,000,000, to 200,000,000 ordinary shares of the Company at the conversion price of HK$0.065 per share with issuing costs of approximately HK$3,000.

30. CONVERTIBLE BONDS (cont'd)

Movement of liability component for the years ended 31 March 2012 and 2011 is as follows:–

	HK$'000
At 1.4.2010	47,410
Imputed interest expenses – Note 6(a)	1,163
Converted during the year	(11,859)
At 31.3.2011 and 1.4.2011	36,714
Imputed interest expenses – Note 6(a)	1,213
At 31.3.2012	**37,927**

31. OBLIGATION UNDER FINANCE LEASE

As at 31 March 2012, the Group had obligation under finance lease repayable as follows:–

	Minimum lease payments		**Present value of minimum lease payments**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Amounts payable:				
Within one year	**–**	208	**–**	177
In the second to fifth years	**–**	259	**–**	244
	–	467	**–**	421
Less: Future finance charges	**–**	46	**–**	–
Present value of lease obligation	**–**	421	**–**	421
Classified as assets held for sale – Note 25	**–**	(421)	**–**	(421)
	–	–	**–**	–

The average lease term is about three years. No arrangements have been entered into for contingent rental payments.

32. SHARE OPTIONS

The Company operates a share option scheme, adopted on 26 February 2003 (the "Share Option Scheme").

The committee (the "Committee") which was authorised and charged by the Board with the administration of the Share Option Scheme, are authorised, at their discretion, to invite employees of the Group, including any executive director or non-executive director of the Company or other eligible employees to take up options to subscribe for the shares of the Company.

A sum of HK$1 is payable by the participant on acceptance of the option offer. As a vesting condition for the Share Option Scheme, the grantees have to be remained as directors or employees of the Group during the vesting period.

The exercise price of the shares (the "Exercise Price") in relation to options to be granted under the Share Option Scheme shall be determined by the Committee and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date an option is offered (the "Offer Date"); and

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date (where the Company has been listed on the GEM of the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing),

provided that the Exercise Price shall not be lower than the nominal value of the shares.

During the year ended 31 March 2012, 31,500,000 (2011: 15,000,000) options were granted on 23 December 2011. The estimated fair values of the options granted at the grant date are at an average of approximately HK$0.022 each (2011: HK$0.0428 each).

The closing price of the Company's share immediately before 23 December 2011, being the grant date of the share options was HK$0.061.

The share option period commencing one to three years after the grant date which is 23 December 2012, 23 December 2013 and 23 December 2014 respectively, to be notified by the Committee to the grantee, which shall be not less than 1 year nor more than 10 years from the commencement date.

No options were exercised, lapsed or cancelled during the year ended 31 March 2012.

32. SHARE OPTIONS (cont'd)

(a) Detailed movements of share options granted under the Share Option Scheme during the year are as follows:–

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2010	Granted during the year	Outstanding at 31.3.2011
Category 1: Directors						
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011-12.8.2020	0.142	–	1,000,000	1,000,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011-12.8.2020	0.142	–	1,000,000	1,000,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011-12.8.2020	0.142	–	1,000,000	1,000,000
Category 2: Employees						
	23.3.2010	23.3.2011-22.3.2020	0.216	2,000,000	–	2,000,000
	13.8.2010	13.8.2011-12.8.2020	0.142	–	6,000,000	6,000,000
	13.8.2010	13.8.2012-12.8.2020	0.142	–	6,000,000	6,000,000
Total of all categories				2,000,000	15,000,000	17,000,000

32. SHARE OPTIONS (cont'd)

(a) Detailed movements of share options granted under the Share Option Scheme during the year are as follows:– (cont'd)

	Date of grant	Exercisable period	Exercise price per share (Note) HK$	Outstanding at 1.4.2011	Granted during the year	Outstanding at 31.3.2012
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
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
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
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
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
Total of all categories				**17,000,000**	**31,500,000**	**48,500,000**

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 the third fiscal quarter.

32. SHARE OPTIONS (cont'd)

(b) Fair value of share options granted during the year:–

The fair value of services received in return for share options granted are measured with reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Black-Scholes option pricing model.

	2012	2011
Fair value at measurement date	**HK$697,000**	HK$643,000
Share price	**HK$0.061**	HK$0.135
Exercise price	**HK$0.062**	HK$0.142
Expected volatility	**39.376% – 41.323%**	38.259% – 38.373%
Expected dividend	**Nil**	Nil
Expected option period	**4.3 – 6.3 years**	4.3 – 5.3 years
Risk-free interest rate	**1.049%**	0.894%

The expected volatility is based on the historic volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

For the years ended 31 March 2011 and 2012, total equity-settled share-based payment expenses recognised was as follows:–

	HK$'000
At 1.4.2010	179
Total equity-settled share-based payment expenses	643
Recognised in profit or loss for the year – Note 28	(498)
At 31.3.2011 and 1.4.2011	324
Total equity-settled share-based payment expenses	697
Recognised in profit or loss for the year – Note 28	(384)
At 31.3.2012	**637**

33. ACQUISITION OF SUBSIDIARIES

(a) During the year, the Group completed the acquisition of 70% equity interest in Qualifresh, which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK$3.5 million.

The Group also completed the acquisition of the entire equity interest in Rainbow Sky Enterprises Limited and its subsidiaries (collectively referred to as the "Rainbow Group"), which are running Shanghainese dining restaurants in Hong Kong, at a consideration of HK$8.6 million.

The Directors believe that through the acquisition of these subsidiaries, it offers business opportunities to the Group to tap into the food and beverage business, which may diversify the source of income and enhance the future development of the Group.

The goodwill recognised is expected to be non-deductible for income tax purposes. The net assets acquired in above acquisitions are as follows:–

	Note	**Rainbow Group** HK$'000	**Qualifresh** HK$'000	**Total** HK$'000
Net assets acquired:–				
Other intangible assets	17	3,636	–	3,636
Plant and equipment	13	705	529	1,234
Inventories		52	392	444
Debtors, deposits and prepayments		3,389	3,099	6,488
Cash and bank balances		2,997	1,928	4,925
Creditors, accruals and deposits received		(2,070)	(1,660)	(3,730)
Income tax payable		–	(125)	(125)
Deferred tax assets	18	1,336	101	1,437
Amount due to a related company		(3,017)	–	(3,017)
Bank loan, secured		–	(788)	(788)
Deferred tax liabilities	18	(591)	–	(591)
		6,437	3,476	9,913
Non-controlling interests		–	(1,043)	(1,043)
		6,437	2,433	8,870

33. ACQUISITION OF SUBSIDIARIES (cont'd)

(a) (cont'd)

	Note	Rainbow Group HK$'000	Qualifresh HK$'000	Total HK$'000
Goodwill on acquisition in subsidiaries	15	2,141	1,067	3,208
Consideration for acquisition of subsidiaries		8,578	3,500	12,078
Net cash outflow arising on acquisition:–				
Cash consideration paid		(8,578)	(3,500)	(12,078)
Cash and bank balances acquired		2,997	1,928	4,925
		(5,581)	(1,572)	(7,153)

Acquisition related costs incurred during the year to these acquisitions amounting to approximately HK$632,000 were included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed approximately HK$3,046,000 and HK$24,592,000 to the Group's loss for the year and revenue for the year ended 31 March 2012, respectively, for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 April 2011, total Group's loss for the year and revenue for the year ended 31 March 2012 would be approximately HK$15,757,000 and HK$105,866,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the turnover and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2011, nor was it intended to be a projection of future result.

33. ACQUISITION OF SUBSIDIARIES (cont'd)

(b) On 29 June 2010, the Group had acquired of 75% and 25% interest in Netaria and its subsidiaries (the "Netaria Group") from Strong Venture Limited ("Strong Venture") and Caddell Investments Limited ("Caddell") at considerations of HK$5,279,000 and HK$3,000,000 respectively. Together with the acquisition, Strong Venture also assigned a shareholder's loan of Netaria Group of HK$1,721,000 to the Group at its face value. The considerations payable to Strong Venture and Caddell were satisfied by cash and issuing 15,000,000 shares of the Company at HK$0.20 per share respectively. At the date of completion, the market price of the Company's share was HK$0.16 per share and issuing costs was approximately HK$25,000. Strong Venture, a company incorporated in BVI, is wholly owned by Mr. Tang Sing Ming Sherman, an executive Director of the Company. Caddell, a company incorporated in BVI, is an independent third party to the Group. Details of the acquisition were set out in the circular of the Company dated 7 June 2010. The acquisition was approved by the shareholders of the Company at the extraordinary general meeting held on 24 June 2010.

The Directors believe that through the acquisition of these subsidiaries, it offers business opportunities to the Group to tap into the food and beverage business, which may diversify the source of income and enhance the future development of the Group.

The goodwill recognised is expected to be non-deductible for income tax purposes. The net assets acquired in above acquisition are as follows:–

	Note	HK$'000
Net assets acquired:–		
Other intangible assets	17	2,779
Deposit paid		173
Plant and equipment	13	3,068
Inventories		64
Debtors, deposits and prepayments		1,405
Cash and bank balances		2,441
Creditors, accruals and deposits received		(3,905)
Income tax payable		(45)
Deferred tax liabilities	18	(29)
		5,951
Goodwill arising on acquisition	15	1,728
Total consideration		7,679

33. ACQUISITION OF SUBSIDIARIES (cont'd)

(b) (cont'd)

	Note	HK$'000
Total consideration satisfied by:–		
15,000,000 consideration shares issued upon completion		2,400
Cash consideration		7,000
Assignment of debt		(1,721)
Total consideration		7,679
Net cash outflow arising on acquisition:–		
Cash consideration paid		7,000
Cash and bank balances acquired		(2,441)
		4,559

Acquisition related costs incurred during the year to this acquisition amounting to approximately HK$555,000 was included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed HK$3,812,000 and HK$26,721,000 to the Group's profit and revenue for the year ended 31 March 2011 respectively, for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 April 2010, total Group's loss and revenue for the year ended 31 March 2011 would be HK$26,268,000 and HK$93,476,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the turnover and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2010, nor was it intended to be a projection of future result.

34. DISPOSAL OF SUBSIDIARIES

During the year, the Group entered into sale and purchase agreements to dispose of the entire equity interests of the Company's subsidiaries, ATL(HK) and ATL(SZ). The net assets of the above subsidiaries disposed of were as follow:–

	Note	ATL(SZ) HK$'000	ATL(HK) HK$'000	Total HK$'000
Net assets disposed of:–				
Plant and equipment		195	873	1,068
Trademark		–	77	77
Deferred tax assets	18	–	2,005	2,005
Club debenture		–	200	200
Other financial assets		–	763	763
Debtors, deposits and prepayments		754	6,103	6,857
Amount due from a fellow subsidiary		–	5,750	5,750
Cash and bank balances		883	37	920
Obligations under finance lease		–	(379)	(379)
Amount due to a fellow subsidiary		(5,750)	–	(5,750)
Creditors, accruals and deposit received		(1,233)	(2,003)	(3,236)
Income tax payable		(36)	–	(36)
Net (liabilities)/assets disposed of		(5,187)	13,426	8,239
Release of exchange reserve		(82)	–	(82)
		(5,269)	13,426	8,157
Gain/(loss) on disposal of subsidiaries		5,369	(10,701)	(5,332)
Total consideration		100	2,725	2,825
Total consideration satisfied by:–				
Cash consideration		100	2,725	2,825
Net cash inflow arising on disposal:–				
Cash consideration		100	2,725	2,825
Bank balances, deposits and cash disposed of		(883)	(37)	(920)
		(783)	2,688	1,905

35. MAJOR NON-CASH TRANSACTIONS

(i) On 29 June 2010, the Group completed the acquisition of the 25% interest in Netaria Group from Caddell at a total consideration of HK$2,400,000 by issuing 15,000,000 ordinary shares of the Company. More details are set out in note 33.

(ii) On 21 April 2010, First Glory converted 25% of its convertible bonds, equivalent to the principal amount of HK$13,000,000, to 200,000,000 ordinary shares of the Company at the conversion price of HK$0.065 per share. More details are set in note 30.

(iii) During the year ended 31 March 2011, certain plant and equipment of approximately HK$559,000 were acquired through finance lease.

36. CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have contingent liabilities. As at 31 March 2011, the Group has contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$1,337,000 in relation to a subsidiary which had been disposed on June 2011. The contingent liability has arisen because, at the end of reporting period, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances.

37. BANKING FACILITIES

As at 31 March 2012, the Group's banking facilities to the extent of HK$387,000 were secured by personal guarantee provided by a minority shareholder of a subsidiary of the Company (Note 29).

As at 31 March 2011, the Group did not have any banking facilities.

38. OPERATING LEASE ARRANGEMENTS

As at 31 March 2012, the Group had outstanding commitments for future minimum leases payments under non-cancellable operating leases, which fall due as follows:–

	2012 **HK$'000**	2011 HK$'000
Within one year	**16,045**	7,518
After one year but within five years	**16,767**	8,576
	32,812	16,094

Operating lease payments represent rentals payable by the Group for the use of restaurants, office premises, staff quarters and a carpark. Leases are negotiated (i) for terms of three to four years with a pre-determined percentage of turnover or fixed monthly rentals whichever is higher, or (ii) for terms of half year to two years with fixed monthly rentals.

39. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for the assets and liabilities classified as held for sale as disclosed in note 25, the secured bank loan as disclosed in note 29 and the acquisition of 100% interest in the Rainbow Group as disclosed in note 33, 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 year:–

		Note	2012 HK$'000	2011 HK$'000
(i)	Rental expense paid to Supercom investments Limited ("Supercom")*	(a)	**–**	504
(ii)	Rental expense paid to Epicurean Management Limited#	(b)	**200**	–
(iii)	Management fee income from Positive Corporation Limited ("Positive")#	(b)	**–**	2,889
(iv)	Rental expenses paid to Positive#	(b)	**–**	797
(v)	Interest expense on convertible bonds paid to First Glory#	(c)	**1,172**	1,186
(vi)	Provision of food and beverage services to I. T. H. K. Limited#	(d)	**293**	–
(vii)	Provision of food and beverage services to Kosmo Delight Limited ("Kosmo")△	(d)	**1,819**	–

* Mr. Lee Shun Hon, Felix, an executive Director of the Company, has controlling interest.

\# Mr. Tang Sing Ming Sherman, an executive Director of the Company, has controlling interest.

△ Mr. Chung Hoi Shuen is a member of the key management personnel of the Group and has equity interest in Kosmo and a subsidiary of the Company.

Notes:

(a) The transaction was entered into with reference to market rate as appraised by independent professional valuers.

(b) The amounts were predetermined by both parties.

(c) The interest rate was determined at 3% per annum as set out in the subscription agreement.

(d) The transaction was entered based on the normal commercial terms.

39. RELATED PARTY AND CONNECTED TRANSACTIONS (cont'd)

The Directors (including the independent non-executive Directors) of the Company have reviewed the above related party and connected transactions and are of the opinion and confirm that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary and usual 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	**2012**	2011
	HK$'000	HK$'000
Fees for key management personnel	**–**	–
Salaries, allowances and other benefits in kind	**4,547**	5,821
Retirement scheme contributions	**93**	125
Equity-settled share-based payment expenses	**107**	498
	4,747	6,444

40. RETIREMENT BENEFIT COSTS

The Company's subsidiaries in Hong Kong had participated in the Mandatory Provident Fund Scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at 5% on the employees' salaries or HK$1,000, whichever is the lower.

The Company's subsidiaries in the PRC had participated in the state-sponsored retirement plan, contributions are made by the subsidiaries to the plan based on 11% to 21% of the applicable payroll costs. The Group has no other obligation other than the above-mentioned contributions.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group and the Company by failing to discharge an obligation. The Group and the Company has a credit policy in place and exposure to the credit risk is monitored on an ongoing basis.

The carrying amounts of financial assets as at 31 March 2012, which represented the Group's and the Company's significant exposure to credit risk, are as follows:–

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from subsidiaries	**–**	–	**83,030**	50,491
Other financial assets				
– loan receivable component	**15,550**	15,809	**–**	–
Debtors and deposits	**17,006**	12,115	**–**	–
Amount due from a related company	**–**	515	**–**	–
Time deposits	**1,229**	3,867	**–**	–
Cash and bank balances	**36,150**	26,131	**6,643**	9,974
	69,935	58,437	**89,673**	60,465

In respect of trade debtors, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors are due within 30 – 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Directors consider that the credit risk from other financial assets – loan receivable acquired is minimal as the counter party is financially healthy.

The Directors consider that the credit risk from time deposits and cash and bank balances is minimal as the balances are placed with financial institutions with high credit ratings.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(a) Credit risk (cont'd)

The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 25% (2011: 35%) and 41% (2011: 46%) of the total trade debtors was due from the largest customers and five largest customers respectively.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Group and the Company manage liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group and the Company to meet its financial obligations, measured by the debt-to-equity capital ratio.

Maturities of the financial liabilities of the Group and the Company as at 31 March 2012 were as follows:–

	Group		Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Total amounts of contractual undiscounted obligations:–				
Bank loans, secured	**387**	–	**–**	–
Convertible bonds – liability component	**40,010**	41,183	**40,010**	41,183
Amount due to a related company	**2,578**	–	**–**	–
Obligation under finance lease	**–**	421	**–**	–
Creditors and accruals	**27,901**	14,604	**1,472**	217
	70,876	56,208	**41,482**	41,400
Due for payment:–				
Within one year	**69,423**	15,954	**41,482**	1,390
In the second to fifth years	**1,453**	40,254	**–**	40,010
	70,876	56,208	**41,482**	41,400

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The exposure arising from the current accounts among the Company and its subsidiaries which are form part of net investment in foreign operations is excluded.

	2012			2011		
	United States Dollars	**Renminbi**	**Yen**	United States Dollars	Renminbi	Yen
	'000	**'000**	**'000**	'000	'000	'000
Other financial assets – loan receivables component	**2,000**	**–**	**–**	2,000	–	–
Debtors and deposits	**–**	**4,753**	**–**	14	4,884	–
Cash and bank balances	**16**	**2,013**	**30**	–	183	–
Gross exposure arising from recognised assets	**2,016**	**6,766**	**30**	2,014	5,067	–

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Since Hong Kong dollars is pledged to United States dollars, material fluctuations in the exchange rates of Hong Kong dollars against United States dollars are remote.

The Company did not have any material exposure to currency risk as all the financial assets and liabilities were denominated in their functional currencies as at 31 March 2012 and 2011.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(c) Currency risk (cont'd)

The following table indicates the approximate change in the Group's loss after tax and accumulated losses in response to reasonably possible changes in foreign exchange rates, except for the exchange rate of Hong Kong dollars against United States dollars, to which the Group has significant exposure at the end of reporting period.

	2012		2011	
	Appreciation/ (depreciation) in foreign exchange currency	**Increase/ (decrease) in loss after tax and accumulated losses HK$'000**	Appreciation/ (depreciation) in foreign exchange currency	Increase/ (decrease) in loss after tax and accumulated losses HK$'000
Renminbi	**5%**	**(416)**	5%	(299)
	(5%)	**416**	(5%)	299

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, with all other variables remain constant.

The Group does not use financial derivatives to hedge against the currency risk. However, the currency risk of the Group is closely monitored by the management to ensure that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

(d) Interest rate risk

The Group's interest rate risk arises primarily from bank loans, liability component of convertible bonds, obligation under finance lease, time deposits, loan receivable component of other financial assets and bank balances. Except for the bank loans, liability component of convertible bonds, obligation under finance lease, loan receivables component of other financial assets and time deposits which are held at fixed interest rates, all bank balances are held at variable rates. The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(d) Interest rate risk (cont'd)

(i) *Effective interest profile*

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the end of reporting period.

	Group				Company			
	2012 Effective interest rate %	**2012 HK$'000**	2011 Effective interest rate %	2011 HK$'000	**2012 Effective interest rate %**	**2012 HK$'000**	2011 Effective interest rate %	2011 HK$'000
Fixed rate financial assets								
– Time deposits	**0.17 – 0.18**	**1,229**	0.58-1.28	3,867	**–**	**–**	–	–
– Other financial assets								
– loan receivable component	**5.00**	**15,550**	5.00	15,809	**–**	**–**	–	–
Fixed rate financial liabilities								
– Convertible bonds								
– liability component	**3.00**	**(37,927)**	3.00	(36,714)	**3.00**	**(37,927)**	3.00	(36,714)
– Obligation under finance lease	**–**	**–**	8.99	(421)	**–**	**–**	–	–
– Bank loans, secured	**9.33**	**(387)**	–	–	**–**	**–**	–	–
Variable rate financial assets								
– Bank balances	**0.01 – 0.05**	**22,621**	0.01-0.05	25,207	**0.01 – 0.05**	**6,643**	0.05	9,759
Net financial assets/(liabilities)		**1,086**		7,748		**(31,284)**		(26,955)

(ii)

It is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, the Group's loss for the year ended 31 March 2012 and accumulated losses would be by decreased by approximately HK$226,000 (2011: HK$252,000).

The sensitivity analysis above has been determined based on the exposure to interest rate for both derivatives and non-derivative instruments at the end of reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of reporting period was outstanding for the whole year. 100 basis points increase are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonable possible change in interest rates.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 March 2012, the Group did not have any financial instrument which is subject to market price risk. As at 31 March 2011, the Group is exposed to market price risk arising from listed equity investments classified as financial assets at fair value through profit or loss.

The Group's listed equity investments are listed on the Stock Exchange of Hong Kong. The decisions to buy or sell listed equity investments are based on monitoring of the performance of individual securities compared with that of the Hang Seng Index, other listed equity investments within the same industry and other industry indicators, as well as the Group's liquidity needs.

The Company did not have any financial instrument which is subject to market price risk as at 31 March 2012 and 2011.

Should the market prices of the financial assets at fair value through profit or loss as at 31 March 2011 decreased by 10%, the carrying amount of financial assets at fair value through profit or loss would be decreased, the equity as at 31 March 2011 would be decreased and the loss for the year would be increased by HK$97,000.

The sensitivity analysis has been determined assuming that the change in market price had occurred at the end of reporting period and had been applied to the exposure to market price risk for the financial assets at fair value in existence at that date with all other variables remain constant.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(f) Fair values

(i) *Financial instruments carried at fair value*

The following table presents the carrying value of financial instruments measured at fair value at 31 March 2012 across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

As at 31 March 2012 and 2011, the Group had the following financial instruments carried at fair value of which are based on the Level 1 of the fair value hierarchy.

	2012	2011
	HK$'000	HK$'000
Assets		
Financial assets at fair value through profit or loss – Listed	**–**	974

During the years ended 31 March 2012 and 2011, there were no significant transfers between financial instruments in Level 1 and Level 2.

(ii) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instrument carried at cost or amortised cost were not materially different from their fair values as at 31 March 2012 and 2011.

41. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (cont'd)

(f) Fair values (cont'd)

(iii) The fair values of financial assets and financial liabilities are determined as follows:–

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted active bid prices and ask prices respectively; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transaction as input.

42. SEGMENT AND ENTITY-WIDE INFORMATION

Reportable segments

The most senior executive management of the Group believes that it is the best interests to the shareholders of the Company to assess the operating results of the Group in terms of resource allocation and performance assessment by business segments of both continuing and discontinued operations. The comparative figures have been restated as a result of the change of segment information presented.

Principal activities of continuing operations are as follows:–

Food and beverage – provision of food and beverage services

Principal activities of discontinued operations are as follows:–

Information technology – provision of information solutions and design, development and sales of application software packages

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:–

Segment assets included all tangible, intangible, non-current and current assets with the exception of corporate assets. Segment liabilities included current and non-current liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segment with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

42. SEGMENT AND ENTITY-WIDE INFORMATION (cont'd)

Reportable segments (cont'd)

The measure used for reporting segment result is "adjusted EBIT" i.e. adjusted earnings before interest and taxes. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administrative costs.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segement sales), interest income and expense from cash balance and borrowing managed directly by the segment, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information about these segments is presented below:–

	Continuing operations – Food and beverage		Discontinued operations – Information technology		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
REVENUE						
Total revenue*	**89,272**	32,226	**49,107**	56,108	**138,379**	88,334
SEGMENT RESULTS	**359**	1,243	**(9,413)**	(22,059)	**(9,054)**	(20,816)
Interest income	**1**	–	**72**	52	**73**	52
Unallocated corporate income					**520**	480
Unallocated corporate expenses					**(4,303)**	(4,703)
Operating profit/(loss)	**360**	1,243	**(9,341)**	(22,007)	**(12,764)**	(24,987)
Finance costs					**(3,484)**	(2,588)
Loss before income tax					**(16,248)**	(27,575)
Income tax credit/(expense)	**(34)**	(658)	**376**	592	**342**	(66)
Loss for the year					**(15,906)**	(27,641)

* no inter-segment revenue occurred during the years ended 31 March 2012 and 2011.

42. SEGMENT AND ENTITY-WIDE INFORMATION (cont'd)

Reportable segments (cont'd)

	Continuing operation – Food and beverage		Discontinued operation – Information technology		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
ASSETS						
Segment assets	**75,443**	–	**–**	63,549	**75,443**	63,549
Unallocated corporate assets					**164,260**	109,419
Inter-segment assets					**(161,094)**	(95,331)
Discontinued operations	**–**	–	**34,368**	–	**34,368**	–
Total assets					**112,977**	77,637
LIABILITIES						
Segment liabilities	**(71,142)**	–	**–**	(89,361)	**(71,142)**	(89,361)
Unallocated corporate liabilities					**(92,032)**	(63,350)
Inter-segment liabilities					**161,094**	98,671
Discontinued operations	**–**	–	**(70,702)**		**(70,702)**	–
Total liabilities					**(72,782)**	(54,040)
Other information:						
Depreciation and amortisation	**7,374**	3,506	**747**	3,146	**8,121**	6,652
Capital expenditure	**22,967**	5,974	**946**	3,532	**23,913**	9,506

An analysis of the Group's revenue by geographical location of its customers is presented below:–

	Hong Kong		PRC		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
REVENUE						
Continuing operations	**78,061**	32,226	**11,211**	–	**89,272**	32,226
Discontinued operations	**5,255**	26,876	**43,852**	29,232	**49,107**	56,108
	83,316	59,102	**55,063**	29,232	**138,379**	88,334

42. SEGMENT AND ENTITY-WIDE INFORMATION (cont'd)

Reportable segments (cont'd)

The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located.

	Hong Kong		PRC		Inter-segment		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
ASSETS								
Carrying amount of segment assets	**95,336**	64,588	**17,641**	22,395	**–**	(9,346)	**112,977**	77,637
Capital expenditure	**19,574**	7,437	**4,339**	2,149	**–**	–	**23,913**	9,586

The analysis of the Group's turnover by products and services of its external customers has been shown in Note 4.

The total amount of turnover from a group of companies from information technology segment amounted to 10 per cent or more of the Group's turnover was nil (2011: HK$13.8 million).

43. SUBSEQUENT EVENTS

As disclosed in notes 9 and 25, the Company entered into an agreement on 8 March 2012 with Figo Investments Limited, which is wholly-owned by an executive Director, Mr. Lee Shun Hon, Felix, pursuant to which the Company agreed to sell the entire share capital of ATHL(BVI) at a total consideration with reference to the combined net assets value or net liabilities minus employees' compensation plus the shareholder's loans at the completion date. The transaction was completed on 24 April 2012.

On 23 April 2012, Top Now Limited ("Top Now"), an indirect wholly-owned subsidiary of the Company, entered into a licence agreement with Regal Wealth Limited ("Regal Wealth"). Under the licence agreement, Regal Wealth agreed to grant to Top Now and its subsidiaries the exclusivity of the licence rights in Asia excluding Japan, Malaysia and Thailand to operate ramen and izakaya businesses.

44. ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company as at 31 March 2012 to be First Glory Holdings Limited, a company incorporated in BVI.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2008 HK$000	2009 HK$'000	2010 HK$000	2011 HK$000	**2012** **HK$000**
CONTINUING OPERATIONS					
Turnover	–	–	–	32,226	**89,272**
Loss before income tax	–	–	–	(5,007)	**(6,929)**
Income tax (expense)/credit	–	–	–	(658)	**(34)**
Loss for the year from continuing operations	–	–	–	(5,665)	**(6,963)**
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	(2,710)	(3,228)	(14,825)	(21,976)	**(8,943)**
Loss for the year	(2,710)	(3,228)	(14,825)	(27,641)	**(15,906)**
Attributable to:					
Owners of the Company	(2,710)	(3,228)	(14,825)	(27,641)	**(16,021)**
Non-controlling interests	–	–	–	–	**115**
Loss for the year	(2,710)	(3,228)	(14,825)	(27,641)	**(15,906)**

FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	At 31 March				
	2008 HK$000	2009 HK$000	2010 HK$000	2011 HK$000	**2012** **HK$000**
NON-CURRENT ASSETS	20,192	20,742	34,992	12,785	**35,456**
CURRENT ASSETS	33,443	30,379	45,479	64,852	**77,521**
DEDUCT:					
CURRENT LIABILITIES	22,323	22,883	15,114	17,326	**70,763**
NET CURRENT ASSETS	11,120	7,496	30,365	47,526	**6,758**
TOTAL ASSETS LESS CURRENT LIABILITIES	31,312	28,238	65,357	60,311	**42,214**
NON-CURRENT LIABILITIES	(2,802)	(2,160)	(49,995)	(36,714)	**(2,019)**
NET ASSETS	28,510	26,078	15,362	23,597	**40,195**