CHINESE FOOD AND BEVERAGE GROUP LIMITED
華人飲食集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8272

2011/2012 Annual Report

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*This report, for which the directors of Chinese Food and Beverage Group Limited (the "**Company**") (the "**Directors**") 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.*

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.cfbgroup.com.hk.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Yu Sau Lai
Mr. Too Shu Wing

Independent Non-Executive Directors

Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung

COMPANY SECRETARY

Mr. Cheung Yuk Chuen

COMPLIANCE OFFICER

Ms. Yu Sau Lai

AUDIT COMMITTEE

Mr. Orr Joseph Wai Shing
(Chairman of Audit Committee)
Mr. Lam Raymond Shiu Cheung

REMUNERATION COMMITTEE

Mr. Lam Raymond Shiu Cheung
(Chairman of Remuneration Committee)
Mr. Orr Joseph Wai Shing

NOMINATION COMMITTEE

Mr. Lam Raymond Shiu Cheung
(Chairman of Nomination Committee)
Mr. Orr Joseph Wai Shing

AUDITORS

Messrs. SHINEWING (HK) CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
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Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18/F., Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

WEBSITE ADDRESS

www.cfbgroup.com.hk

STOCK CODE

8272

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Company and its subsidiaries (collectively, the "**Group**") for the last five financial years:

	Year ended 30 April 2012	Year ended 30 April 2011	Year ended 30 April 2010	Year ended 30 April 2009	Year ended 30 April 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Continuing operations					
Turnover	**14,928**	4,851	11,381	13,502	14,570
Gross (loss) profit	**(3,702)**	170	561	635	11,220
(Loss) profit for the year from continuing operations	**(98,314)**	(83,366)	12,490	(10,571)	(73,347)
Discontinued operation					
Profit for the year from discontinued operations	**–**	–	34,269	10,283	–
(Loss) profit for the year	**(98,314)**	(83,366)	46,759	(288)	(73,347)
(Loss) profit for the year attributable to:					
– Owners of the Company	**(97,189)**	(83,366)	46,759	(288)	(73,347)
– Non-controlling interest	**(1,125)**	–	–	–	–
	(98,314)	(83,366)	46,759	(288)	(73,347)
(Loss) earnings per share					
From continuing and discontinued operations – basic and diluted (HK cents)	**(3.05)**	(3.17)	2.00	(0.01)	(3.67)
From continuing operations – basic and diluted (HK cents)	**(3.05)**	(3.17)	0.53	(0.53)	(3.67)

	At 30 April 2012	At 30 April 2011	At 30 April 2010	At 30 April 2009	At 30 April 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities					
Total assets	**106,388**	195,753	160,893	31,592	27,978
Total liabilities	**15,338**	20,577	20,303	17,719	11,191
Net assets	**91,050**	175,176	140,590	13,873	16,787

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

During the year ended 30 April 2012 (the "**Reporting Period**"), the Group recorded a revenue of approximately HK$14,928,000, representing a 207.7% increase as compared with the last corresponding year. The revenue was primarily contributed by the sales of electronic products and the catering business which recorded a revenue of approximately HK$2,975,000 (2011: approximately HK$4,851,000) and approximately HK$11,953,000 (2011: nil), respectively.

Loss for the year

The Group recorded a loss of approximately HK$98,314,000 for the Reporting Period, representing a 17.9% increase as compared with a loss of approximately HK$83,366,000 of the last corresponding year. The increase in loss for the Reporting Period was mainly due to the loss recognised in respect of impairment of loan receivable and loan interest receivable of approximately HK$30,528,000, loss on change in fair value of convertible note receivable at fair value through profit or loss of HK$36,014,000, and the cease to share the results of an associate which had been classified as assets held for sale during the last corresponding year.

Proposed Investment in Cheong Tat

On 4 November, 2010, Megamillion Asia Limited ("**Megamillion**"), an indirect wholly-owned subsidiary of the Company, subscribed the convertible bonds in the principal amount of HK$35,154,000 issued by Cheong Tat International Development Limited ("**Cheong Tat**"), a company incorporated in Hong Kong with limited liability, (collectively, the "**Convertible Bonds**"). Cheong Tat owns the entire 100% equity interest in a company incorporated in the People's Republic of China (the "**PRC**") which in turn holds 60% equity interest in each of 承德五穀農莊食品有限公司 (Chengde Wugu Farming & Food Co. Ltd.*) and 承德綠豐生態農業科技發展有限公司 (Chengde Lufeng Farming & Technology Co. Ltd.*) (collectively, the "**Operating Companies**"). The Operating Companies are headquartered in Chengde City, Hebei Province, the PRC and are principally engaged in the production and sales of instant noodle products and instant soup base, respectively.

On 29 November 2010, the board of Directors (the "**Board**") approved the exercise of the conversion rights attached to the Convertible Bonds (the "**January Conversion**") and the granting of a loan of HK$30,000,000 to Cheong Tat for a period of 12 months at the interest rate of 4.2% per annum (the "**Second Loan**"). Upon completion of the January Conversion, the Company will own approximately 85% of the issued share capital of Cheong Tat as enlarged by the issuance of the conversion shares.

Pursuant to the agreement in relation to the subscription of the Convertible Bonds by Megamillion (being the subscriber) (the "**CB Subscription Agreement**"), in the event that the aggregate net profit after tax of the Operating Companies falls below RMB100 million for the year ended 31 December 2010 or RMB170 million for the year ended 31 December 2011 (the "**Profit Target**"), then prior to maturity of the Convertible Bonds, the total number of conversion shares of Cheong Tat issued to Megamillion shall be increased such that if the subscription rights of the Convertible Bonds were exercised in full, the conversion shares shall ultimately represent 99% of the entire equity interest of Cheong Tat as enlarged by such conversion.

* *For identification purposes only*

Based on the audited accounts of the Operating Companies provided by Cheong Tat, the Profit Target has not been met. On 9 August 2011, the Board resolved to revise the January Conversion pursuant to the CB Subscription Agreement and request Cheong Tat to issue conversion shares representing 99% of the entire equity interest of Cheong Tat as enlarged by the revised January Conversion to Megamillion (collectively, the "**Proposed Conversion**"). The Proposed Conversion constitutes a very substantial acquisition for the Company and is subject to the shareholders' approval.

On 30 January 2012, the Company received a proposal (the "**Proposal**") from Cheong Tat to settle the outstanding amount of the Second Loan and the accrued interest thereon and the principal amount of the Convertible Bonds against certain asset of Cheong Tat.

After due and careful consideration of the Proposal, with reference to further information obtained from Cheong Tat and legal advices from the Company's legal consultant, on 27 April 2012, Megamillion initiated Hight Court Action No. 682/2012 in the Court of First Instance of the High Court of Hong Kong (the "**Action**") against Cheong Tat for, among others, repayment of the Second Loan outstanding and the interest accrued thereon, other relief and costs of the Action and demanded, also by way of the Action, that Cheong Tat redeem the principal amount of the Convertible Bonds.

The Action is still in process as of the date of this report, the Company shall keep the shareholders and the public informed of any material development with respect of the Action by way of further announcement(s) as and when appropriate.

As the conversion rights attached to the Convertible Bonds still subsist prior to the redemption of the Convertible Bonds and the Board may or may not proceed with the Proposed Conversion, the Board has postponed the date of despatch of the circular and the notice of the meeting to be convened and held to approve the Proposed Conversion to until 28 September 2012.

Disposal of subsidiaries

During the Reporting Period, the Group disposed of its entire equity interest in Best Miracle Limited and Happy Capital Investment Limited to independent third parties for cash consideration of HK$750,000 and HK$5,000, respectively. Gain on disposal of subsidiaries of approximately HK$3,529,000 was recognised.

CAPITAL STRUCTURE

During the Reporting Period, the issued share capital of the Company was increased from 2,882,400,000 ordinary shares of HK$0.001 each (the "**Shares**") to 4,323,600,000 Shares as a result of the issuance of 1,441,200,000 new Shares on 13 February 2012 pursuant to the Open Offer, the details of which are set out in the below section headed "FUND RAISING ACTIVITIES".

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

At 30 April 2012, the Group held held-for-trading investments amounted to approximately HK$11,528,000 (2011: approximately HK$17,400,000), available-for-sale investments amounted to HK$500,000 (2011: HK$500,000), interests in an associate amounted to approximately HK$32,965,000 (2011: approximately HK$32,965,000) which has been classified as assets held for sale and convertible note receivable amounted to nil (2011: HK$36,014,000).

Save as disclosed above, at 30 April 2012, the Group did not hold any other significant investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity. The Reporting Period ended with the net current assets of approximately HK$86,997,000 (2011: approximately HK$169,525,000) including the bank balances and cash of approximately HK$2,025,000 (2011: approximately HK$34,915,000).

The Group had obligation under finance lease of approximately HK$154,000 as at 30 April 2012 (2011: nil). The gearing ratio, computed as other borrowing and obligation under finance lease over total equity, stood at 0.2% at the end of the Reporting Period (2011: 1.4%).

FUND RAISING ACTIVITIES

Open Offer

On 16 December 2011, the Company announced its proposal to raise funds by way of an open offer of one offer share for every two Shares held by the qualifying shareholders at a price of HK$0.01 per offer share (the "**Open Offer**"). The subscription price of HK$0.01 per offer share represents a discount of approximately 85.51% to the closing price of HK$0.069 per Share as quoted on the Stock Exchange on 14 December 2011.

The Open Offer was fully-underwritten by FT Securities Limited ("**FT Securities**") pursuant to the underwriting agreement dated 14 December 2011 entered into by and between the Company and FT Securities and was completed on 13 February 2012 with a total of 1,441,200,000 new Shares with an aggregate nominal value of HK$1,441,200 issued on 13 February 2012, on the basis of 2,882,400,000 Shares in issue on 19 January 2012, being the record date of the Open Offer. The aggregate net proceeds, after underwriting fees and expenses payable in relation to the Open Offer, amounted to approximately HK$13.59 million. The Company plans to utilize approximately HK$2.3 million of the proceeds towards the marketing and promotion of the catering business of the Group and the remaining balance will be applied towards the general working capital for the operations of the catering business. Details of the Open Offer are set out in the Company's prospectus dated 20 January 2012.

HUMAN RESOURCES

At 30 April 2012, the Group employed a total of 74 employees as compared with 23 employees as at 30 April 2011. The increase in number of employees was mainly due to the recruitment of employees for the commencement of the new Chinese restaurant operations.

CHARGE ON GROUP ASSETS

There was no charge on the Group's assets during or at the end of the Reporting Period.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the end of the Reporting Period, the Group had contingent liability in respect of corporate guarantee provided in favour of a potential business partner, being an independent third party, for the total amount of HK$5,000,000 in relation to the obtaining of certain confidential information under a non-disclosure agreement. Save as the abovementioned and as disclosed in the section headed "BUSINESS AND FINANCIAL REVIEW" above and the section headed "PROSPECT AND OUTLOOK" below, the Group has no imminent plan for material investment or capital asset nor any material contingent liability at the end of the Reporting Period.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as reported under the section headed "BUSINESS AND FINANCIAL REVIEW" above, the Group has no material acquisitions and disposals of subsidiaries during the Reporting Period.

ADVANCE TO ENTITY

On 17 August 2011, Red Bloom Limited (the "**Proposed Purchaser**"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with two independent third parties; namely, Key Ally Limited (the "**Proposed Vendor**"), a company incorporated in the British Virgin Islands with limited liability and Mr. Ng Wai Huen (the "**Guarantor**") (the "**MOU**") in relation to a proposed equity investment with controlling interest in Excel Time Holdings Limited (the "**Target Company**"), a wholly-owned subsidiary of the Proposed Vendor (collectively, the "**Proposed Investment**"). The Target Company is an investment holding company which entered into a framework agreement on 31 July 2011 with various PRC persons in relation to the possible acquisition of interest in 太原市漢波食品工業有限公司 (Taiyuan Hanbo Food Industrial Limited*) ("**Taiyuan Hanbo**").

An earnest deposit in the amount of HK$44,000,000 has been paid by the Proposed Purchaser to the Proposed Vendor pursuant to the MOU (collectively, the "**Earnest Deposit**"). As the amount of the Earnest Deposit exceeded 8% of the total assets of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the entering into of the MOU constituted an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. Pursuant to the MOU, the Proposed Purchaser shall conduct the due diligence review of the assets, liabilities, operations and affairs of the Target Company and Taiyuan Hanbo within a period of 180 calendar days from the date of signing of the MOU (the "**Exclusivity Period**") (collectively, the "**DD Review**"). The Proposed Vendor shall supply the Proposed Purchaser with information on, among others, the financial or business position of the Target Company or any of its subsidiaries or associated companies and information relating to Taiyuan Hanbo. The Guarantor undertakes to guarantee the performance of all obligations of the Proposed Vendor under the MOU.

Based on the results of the DD Review, the Board had resolved not to extend the Exclusivity Period nor to proceed further in relation to the Proposed Investment. As the Exclusivity Period had ended and no transaction had materialized, the Group had issued a written notice to the Proposed Vendor confirming the lapse of the MOU and requesting the refund of the Earnest Deposit.

On 7 May 2012, the Group had agreed with the Proposed Vendor to amend the repayment terms of the Earnest Deposit, such that the Earnest Deposit shall be repaid by 16 monthly instalments and carry fixed interest at the rate of 5% per annum which shall be charged on the outstanding amount of the Earnest Deposit. The first and second repayment had been duly received as of the date of this report.

LITIGATION

On 27 April 2012, the Company announced that (a) Megamillion initiated the Action against Cheong Tat for, among others, repayment of the Second Loan outstanding and the interest accrued thereon, other relief and costs of the Action; and (b) the Board demanded, also by way of the Action, that Cheong Tat redeem the principal amount of the Convertible Bonds. Subject to the result of the Action and if Cheong Tat fail to repay the Second Loan and redeem the Convertible Bonds as requested by the Company, possible write-off may be made with respect to: (1) the principal amount of the Second Loan and the interest accrued; (2) the principal amount of the Convertible Bonds outstanding; and (3) the costs incurred. During the Reporting Period, impairment loss of approximately HK$528,000 and HK$30,000,000 in respect of other receivables and loans receivables respectively and fair value loss on convertible note receivable of HK$36,014,000 have been recognised. Save as the abovementioned, the Board considers that the Action shall have no other significant impact to the Group's existing operations.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 30 April 2012 (2011: nil).

OTHER INFORMATION

Resignation of Director, members of the Audit Committee and Nomination Committee and change of chairman of the Remuneration Committee

Mr. Chan Tak Yan ("**Mr. Chan**") has resigned as an independent non-executive Director and members of the Audit Committee and Nomination Committee with effect from 1 July 2012. Mr. Chan has also resigned and Mr. Lam Raymond Shiu Cheung has been appointed as the chairman of the Remuneration Committee with effect from 1 July 2012.

Following the resignation of Mr. Chan, the number of independent non-executive Directors and Audit Committee members has fallen below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. The Company is endeavoring to identify suitable candidate(s) to fill the vacancies within three months from the effective date of Mr. Chan's resignation pursuant to Rules 5.06 and 5.33 of the GEM Listing Rules. The Company will make further announcement(s) as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT AND OUTLOOK

The Group has been principally engaged in the local catering business, brand management and is acting as a sourcing agent for reputable buyers in a variety of products. It is the Group's corporate strategy to explore other industries with good business potential and growth prospects, including but not limited to, the food and beverage industry in the PRC.

To explore and expand into the PRC food and beverage industry, the Group entered into the CB Subscription Agreement with Cheong Tat and granted the Second Loan to Cheong Tat in November 2010. As reported under the section headed "Proposed Investment in Cheong Tat" above, the Proposed Conversion is subject to shareholders' approval and that on 30 January 2012, the Company received the Proposal from Cheong Tat to settle the outstanding amount of the Second Loan and the accrued interest thereon and the principal amount of the Convertible Bonds against certain asset of Cheong Tat.

After due and careful consideration of the Proposal, with reference to further information obtained from Cheong Tat and legal advices from the Company's legal consultant, on 27 April 2012, Megamillion initiated the Action against Cheong Tat for, among others, repayment of the Second Loan outstanding and the interest accrued thereon, other relief and costs of the Action and demanded, also by way of the Action, that Cheong Tat redeem the principal amount of the Convertible Bonds.

The Action is still in process as of the date of this report, the Company shall keep the shareholders and the public informed of any material development with respect of the Action by way of further announcement(s) as and when appropriate.

As the conversion rights attached to the Convertible Bonds still subsist prior to the redemption of the Convertible Bonds and the Board may or may not proceed with the Proposed Conversion, the Board has postponed the date of despatch of the circular and the notice of the meeting to be convened and held to approve the Proposed Conversion to until 28 September 2012.

To diversify into the local catering business, the Group commenced its operation of East Ocean Dragon Seafood Restaurant (東海龍王海鮮酒家) ("**East Ocean Dragon**") at the end of August 2011. East Ocean Dragon is a Chinese restaurant located in Wanchai that targeting the high end market and can accommodate up to 250 people. It has received good market recognition and was praised for its innovative cuisines, superior food quality and services. The group will continue to grow the restaurant's business by enhancing its public recognition and increasing its customer base.

The Board would like to thank all business partners and shareholders of the Company for their continued support and confidence in our management and the Company. It is our vision to continue our Group's corporate strategy to explore other industries with good business potential and growth prospects to gain attractive returns for our investors.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

EXECUTIVE DIRECTORS

Ms. Yu Sau Lai, aged 49, joined the Group on 1 August 2011 as an executive Director. She is also a director of certain subsidiaries of the Group. Ms. Yu has 29 years of experience in administrating different kinds of companies and also has extensive exposure in information technology and business management in trading, wholesale and retail businesses. She is currently an executive director of Asia Energy Logistics Group Limited (Stock Code: 351), a company listed on the Main Board of the Stock Exchange. Ms. Yu was an executive director of New Environmental Energy Holdings Limited (Stock Code: 3989), a company listed on the Main Board of the Stock Exchange, for the period from August 2010 to May 2011. She was also an executive director of China Bio-Med Regeneration Technology Limited (Stock Code: 8158) for the period from July 2007 to December 2009 and Heng Xin China Holdings Limited (Stock Code: 8046) for the period from July 2007 to April 2009, both of which are listed on GEM of the Stock Exchange.

Mr. Too Shu Wing, aged 53, joined the Group on 4 September 2009 as an executive Director. He is also a director of certain subsidiaries of the Group. Mr. Too graduated from The Chinese University of Hong Kong with a Bachelor Degree in Science. He had held various positions in Conti Chia Tai Group and acted as a general manager in its subsidiaries from 1993 to 2003. He has substantial experience in market development of various products, marketing & sales management, production management and cost control in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Orr Joseph Wai Shing, aged 52, joined the Group on 7 September 2007 as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Orr is a Certified Public Accountant in Washington, USA and serves as the chairman of "Joseph Orr & Associates, CPA" in the USA. He is a member of the American Institute of Certified Public Accountants, the Hong Kong Institute of Certified Public Accountants and CPA Australia. He graduated with an MBA from the Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Master of Arts Degree in International Business and International Financial Management from the University of Reading, a Bachelor of Arts (Hons) Degree in Accounting and Finance from Middlesex University, a Diploma in Business and Finance in China from Tsinghua University and a Professional Diploma in Accounting and Auditing in China from Zhongshan University. Mr. Orr has over 21 years of experience in corporate finance, including private placement, IPO, cross border merger and acquisition as well as strategic investment and financial management. He currently holds a license to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance in Hong Kong. Mr. Orr is currently the adviser of corporate finance and investment of Crowe Horwath China CPA in Shenzhen and has established progressive career development with leading multinational companies and professional firms in multinational corporations including Time Warner, Baker & McKenzie, EDAW AECOM, Hyatt International as well as KPMG. Mr. Orr is currently as an executive director and chief executive officer of Chinese Global Investors Group Limited (formerly known as Auswin Holdings Limited), a company listed on the Catalist of Singapore Exchange Securities Trading Limited, and an independent non-executive director of Grand T G Gold Holdings Limited (Stock Code: 8299), a company listed on GEM of the Stock Exchange. He was an independent non-executive director of China Packaging Group Company Limited (Stock Code: 572) for the period from September 2009 to October 2009, a company listed on the Main Board of the Stock Exchange, and China Bio-Med Regeneration Technology Limited (Stock Code: 8158) for the period from June 2008 to December 2009, a company listed on GEM of the Stock Exchange.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Mr. Lam Raymond Shiu Cheung, aged 46, joined the Group on 3 May 2010 as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee and the chairman of the Nomination Committee. He has been appointed as the chairman of the Remuneration Committee with effect from 1 July 2012. Mr. Lam graduated from the Victoria University of Melbourne, Australia, with a Bachelor of Business Degree majoring in banking and finance. He also earned a Master Degree in Applied Finance from Macquarie University of Australia. Mr. Lam has 20 years' extensive experience in business development and corporate finance. He started his career in corporate banking, after which he joined one of the biggest oil companies in the USA specializing in the area of business development. Mr. Lam is currently the deputy chief executive officer of China Eco-Farming Limited (Stock Code: 8166) and an independent non-executive director of China Assurance Finance Group Limited (Stock Code: 8090), both of the companies are listed on GEM of the Stock Exchange. He also is currently an independent non-executive director of The Hong Kong Building and Loan Agency Limited (Stock Code: 145), a company listed on the Main Board of the Stock Exchange. Mr. Lam was an independent non-executive director of China Oriental Culture Group Limited (Stock Code: 2371) for the period from January 2008 to September 2010, a company listed on the Main Board of the Stock Exchange. He also was an independent non-executive director of China Railway Logistics Limited (Stock Code: 8089) for the period from December 2008 to June 2009 and China Bio-Med Regeneration Technology Limited (Stock Code: 8158) for the period from June 2008 to June 2009, both of the companies are listed on GEM of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Chow Shiu Ki, aged 44, joined the Group on 25 February 2008 as qualified accountant and was subsequently redesignated as the chief financial officer of the Company. He holds a Master Degree in Professional Accounting. Mr. Chow is a fellow member of The Association of Chartered Certified Accountants and a fellow member of The Hong Kong Institute of Certified Public Accountants. He has accumulated over 20 years of experience in auditing, accounting and corporate finance areas, and he has worked for various private and listed companies at senior management level. Mr. Chow is currently an independent non-executive director of China Assurance Finance Group Limited (Stock Code: 8090), a company listed on GEM of the Stock Exchange. He also is currently an independent non-executive director of Dingyi Group Investment Limited (Stock Code: 508), a company listed on the Main Board of the Stock Exchange. Mr. Chow was an independent non-executive director of China Oriental Culture Group Limited (Stock Code: 2371), for the period from January 2008 to May 2011, a company listed on the Main Board of the Stock Exchange.

Mr. Cheung Yuk Chuen, aged 38, joined the Group on 6 December 2011 as a company secretary of the Company. He holds a bachelors degree in business administration in accounting from the Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. He possesses over 12 years of experience in the fields of accounting, auditing and tax consultancy.

Mr. Yu Ho Chuen, aged 49, joined the Group on 1 September 2011 as the general manager of East Ocean Dragon, operated by Able Wind Limited, a subsidiary of the Group, and is responsible for the daily management of East Ocean Dragon. Mr. Yu has accumulated over 30 years of experience in the catering industry and has acted as the chef and senior executive of reputable Chinese restaurants in Hong Kong.

CORPORATE GOVERNANCE REPORT

The Company has applied the principles and save as disclosed herein, has complied the code provisions as set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report (the "**CG Report**") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 30 April 2012 (the "**Financial Year**").

COMPLIANCE OF THE CODE PROVISIONS

Throughout the Financial Year, the Company has complied with the CG Code except of the deviation from code provisions A.2.1 and A.4.1 of the CG Code which is explained below:

Code Provision A.2.1

This code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

During the Financial Year, the office of the chairman of the Board remains vacant. The role of the chairman is assumed by executive Directors other than the chief executive officer (Ms. Chan Lai Kwan Rainbow ("**Ms. Rainbow Chan**") who was an executive Director and the chief executive officer resigned from both office with effect from 1 August 2011), who have discharged all duties and responsibilities of the chairman. The Company has not appointed a chief executive officer since Ms. Rainbow Chan's resignation. Following Ms. Rainbow Chan's resignation, the roles of the chairman and chief executive officer have been performed by the executive Directors. The Board is of the view that there existed a balance of power and authority during the Financial Year.

The Board will continue to review the current structure of the Board from time-to-time. If candidates with suitable knowledge, skills and experience are identified, the Company will make appointments to fill the post(s) of chairman and/or the chief executive officer as appropriate.

Code Provision A.4.1

This code provision stipulated that non-executive directors should be appointed for a specific term, subject to re-election.

The existing non-executive Directors were not appointed for a specific term, but subject to retirement by rotation and re-election provisions in accordance with the articles of association of the Company (the "**Articles**") and each of their office may be terminated by either the Company or the non-executive director by giving the other party one-month's written notice. As such, the Company considers that there are sufficient measures in place to ensure that the Company has good corporate governance practices.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transaction by the Directors 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. The Company had also made specific enquiry to all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Financial Year.

BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decision objectively in the interests of the Company. The Board has the full support from the chief executive officer of the Company and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code.

As at the date of this report, the Board comprises two executive Directors and two independent non-executive Directors. The composition of the Board and the committees of the Company are given below and their respective responsibilities are discussed in the CG Report.

Board of Directors	Audit Committee	Executive Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Yu Sau Lai (appointed on 1 August 2011)		✓		
Mr. Too Shu Wing		✓		
Ms. Chan Lai Kwan Rainbow (resigned on 1 August 2011)		✓		
Ms. Wong Yuet May Jeremy (resigned on 1 August 2011)		✓		
Mr. Chan Fu Kei (resigned on 19 February 2012)		✓		
Independent Non-executive Directors				
Mr. Orr Joseph Wai Shing	✓		✓	✓
Mr. Lam Raymond Shiu Cheung	✓		✓	✓
Mr. Chan Tak Yan (resigned on 1 July 2012)	✓		✓	✓

CORPORATE GOVERNANCE REPORT

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Details of backgrounds and qualification of the Directors are set out in the “DIRECTORS’ AND SENIOR MANAGEMENT’S PROFILE” of this report.

The Board members have no financial, business, family or other material or relevant relationships with each other.

The Board meets regularly to discuss the Company’s affairs and operations. During the Financial Year, the Board held 4 regular Board meetings (within the meaning of the CG Code) at approximately quarterly interval and 22 Board meetings which were convened when board-level decisions on particular matters were required. The Directors attended those meetings in person, by phone or through other electronic means of communication. The attendance record of each member of the Board during the Financial Year is set out below:

Name of Directors	Attended/Eligible to attend
Executive Directors	
Ms. Yu Sau Lai (appointed on 1 August 2011)	22/23
Mr. Too Shu Wing	21/26
Ms. Chan Lai Kwan Rainbow (resigned on 1 August 2011)	3/3
Ms. Wong Yuet May Jeremy (resigned on 1 August 2011)	2/3
Mr. Chan Fu Kei (resigned on 19 February 2012)	20/20
Independent Non-executive Directors	
Mr. Lam Raymond Shiu Cheung	15/26
Mr. Orr Joseph Wai Shing	14/26
Mr. Chan Tak Yan (resigned on 1 July 2012)	16/26

During the regular meetings of the Board, the Directors discussed and formulated the overall strategies of the Group, reviewed and monitored the business and financial performances and discuss the quarterly, half-yearly and annual results, as well as discussed and decided on other significant matters.

The attendance record of the general meeting of the Directors during the Financial Year is set out below:

Name of Directors	Attended/Eligible to attend
Executive Directors	
Ms. Yu Sau Lai (appointed on 1 August 2011)	2/2
Mr. Too Shu Wing	2/2
Ms. Chan Lai Kwan Rainbow (resigned on 1 August 2011)	–
Ms. Wong Yuet May Jeremy (resigned on 1 August 2011)	–
Mr. Chan Fu Kei (resigned on 19 February 2012)	2/2
Independent Non-executive Directors	
Mr. Lam Raymond Shiu Cheung	0/2
Mr. Orr Joseph Wai Shing	0/2
Mr. Chan Tak Yan (resigned on 1 July 2012)	2/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Subsequent to the resignation of Ms. Fong Man Julisa as the chairperson of the Company on 23 April 2008, and Ms. Rainbow Chan as the chief executive officer of the Company on 1 August 2011, the office of the chairman and the chief executive officer remain vacant. This constitutes a deviation from the code provision A.2.1 of the CG Code. The Board will keep reviewing the current structure from time to time and should candidate(s) with suitable knowledge, skill, and experience be identified, the Company will make appointments to fill the posts as appropriate.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had at least three independent non-executive Directors at all times during the Financial Year. Each of the independent non-executive Director has confirmed in writing his annual confirmation on independence as required by Rule 5.09 of the GEM Listing Rules. The Company considers all such Directors to be independent.

Subsequent to the resignation of Mr. Chan Tak Yan ("**Mr. Ian Chan**") on 1 July 2012, the number of independent non-executive Directors has fallen below the minimum number required under Rules 5.05(1) of the GEM Listing Rules. The Company is endeavoring to identify suitable candidate(s) to fill the vacancies within three months from the effective date of Mr. Ian Chan's resignation pursuant to Rules 5.06 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Articles, (i) all Directors will be subject to retirement by rotation once every three years and the new Directors appointed by the Board to fill a causal vacancy during the year shall be subject to re-election by the shareholders of the Company at the next following general meeting after appointment; and (ii) one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third), shall retire from office by rotation and being eligible, offer themselves for re-election at each annual general meeting and that any new Director appointed by the Board during the year shall hold office until the next following general meeting after appointment, and he or she shall be eligible for re-election at that meeting.

The Board recommended the re-appointment of the retiring Directors standing for re-election at the forthcoming annual general meeting of the Company. Details of the information of the retiring Directors standing for re-election are set out in the circular accompany the notice of the annual general meeting.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors of the Company. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. Continuing briefings and professional development to Directors will be arranged whenever necessary.

Pursuant to the code provision A.6.5 of the CG Code with effect from 1 April 2012 and until the financial year ended 30 April 2012, all relevant Directors had participated in continuous professional development in the following manner:

Name of Director	**Reading materials relevant to Directors' duties and responsibilities**
Executive Directors	
Ms. Yu Sau Lai	✓
Mr. Too Shu Wing	✓
Independent Non-executive Directors	
Mr. Orr Joseph Wai Shing	✓
Mr. Lam Raymond Shiu Cheung	✓
Mr. Chan Tak Yan (resigned on 1 July 2012)	✓

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 10 June 2003 with revised written terms of reference adopted on 15 March 2012 in compliance with the GEM Listing Rules. In accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

During the Financial Year, the Audit Committee has three members comprising the three independent non-executive Directors; namely, Mr. Orr Joseph Wai Shing (the chairman of the Audit Committee), Mr. Lam Raymond Shiu Cheung and Mr. Chan Tak Yan (resigned on 1 July 2012).

The principle duties of the Audit Committee include:

(i) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(iii) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(iv) to monitor integrity of the Company's financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:

   (a) any changes in accounting policies and practices;

   (b) major judgmental areas;

   (c) significant adjustments resulting from audit;

   (d) the going concern assumptions and any qualifications;

   (e) compliance with accounting standards; and

   (f) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;

Regarding above:

(a) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and

(b) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(v) to review the Group's financial controls, internal control and risk management systems;

(vi) to discuss the internal control system with management to ensure that management has performed its duty have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;

(vii) to consider major investigations findings on internal control matters as delegated by the Board or on its own initiative and management's response of these findings;

(viii) where an internal audit function exists, to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness;

(ix) to review the Group's financial and accounting policies and practices;

(x) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(xi) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(xii) to report to the Board on the matters set out in the Corporate Governance Code and Corporate Governance Report in Appendix of the GEM Listing Rules;

(xiii) to consider other topics and review other documents as may be reasonably requested by the Board from time to time;

(xiv) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

(xv) to act as the key representative body for overseeing the Company's relations with the external auditor.

During the Financial Year under review, the Audit Committee held four meetings to consider and approve the following:

(i) to review of the quarterly, half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the GEM Listing Rules and other requirements in relation to financial reporting of the Audit Committee;

(ii) to discuss the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management;

(iii) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and

(iv) to discuss the whistlebowing policy throughout the Group.

The individual attendance record of each member of the Audit Committee is as follows:

Name of Directors	**Attended/Eligible to attend**
Mr. Orr Joseph Wai Shing *(Chairman)*	4/4
Mr. Lam Raymond Shiu Cheung	4/4
Mr. Chan Tak Yan (resigned on 1 July 2012)	4/4

The Audit Committee has reviewed the Group's audited results for the Financial Year.

Subsequent to the resignation of Mr. Ian Chan on 1 July 2012, the number of Audit Committee members has fallen below the minimum number required under Rule 5.28 of the GEM Listing Rules. The Company is endeavoring to identify suitable candidate(s) to fill the vacancies within three months from the effective date of Mr. Ian Chan's resignation pursuant to Rule 5.33 of the GEM Listing Rules.

There was no disagreement between the Board and the Audit Committee on the selection, appointment of the external auditors during the Financial Year.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "**Remuneration Committee**") on 10 September 2004 with revised written terms of reference adopted on 15 March 2012 which deal clearly with its authority and duties, in accordance with the requirement of the CG Code. In accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

During the Financial Year, the Remuneration Committee has three members, the majority of which are independent non-executive Directors; namely, Mr. Chan Tak Yan (resigned as the chairman of the Remuneration Committee on 1 July 2012), Mr. Orr Joseph Wai Shing and Mr. Lam Raymond Shiu Cheung (appointed as the chairman of the Remuneration Committee on 1 July 2012).

The role and function of the Remuneration Committee includes:

(i) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(ii) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;

(iii) to make recommendations to the board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(iv) to make recommendations to the board on the remuneration of non-executive Directors;

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;

(vi) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and otherwise fair and not excessive;

(vii) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(viii) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the Financial Year under review, the Remuneration Committee held one physical meeting. The individual attendance record of each member of the Remuneration Committee is as follows:

Name of Directors	Attended/Eligible to attend
Mr. Lam Raymond Shiu Cheung (appointed as the chairman of Remuneration Committee on 1 July 2012)	1/1
Mr. Orr Joseph Wai Shing	1/1
Mr. Chan Tak Yan (resigned as the chairman of Remuneration Committee on 1 July 2012)	1/1

The summary of work performed by the Remuneration Committee included:

(i) to review the current remuneration policies and appraisal system;

(ii) to consider and approve the grant of share options to Directors and senior management;

(iii) to recommend to the Board the Directors' fee for the Financial Year; and

(iv) to consider and approve the remuneration of the Directors and senior management.

The Remuneration Committee shall meet at least once a year.

EXECUTIVE COMMITTEE

The Company established an Executive Committee (the "**Executive Committee**") on 10 September 2004 with written terms of reference adopted on 10 September 2004 which deal clearly with its authority and duties. The Executive Committee consists of all executive Directors; namely, Ms. Yu Sau Lai (the chairman of the Executive Committee) and Mr. Too Shu Wing. The Board has delegated the day-to-day management and operation functions of the Group to the Executive Committee save to the extent that certain powers and authorities are reserved to the other Board committees or the Board.

NOMINATION COMMITTEE

The Company established a nomination committee (the "**Nomination Committee**") on 15 March 2012 with written terms of reference adopted on 15 March 2012 which deal clearly with its authority and duties, in accordance with the requirement of the CG Code. In accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

During the Financial Year, the Nomination Committee has three members, the majority of which are independent non-executive Directors; namely, Mr. Lam Raymond Shiu Cheung (the chairman of the Nomination Committee), Mr. Orr Joseph Wai Shing and Mr. Chan Tak Yan (resigned on 1 July 2012).

The role and function of the Nomination Committee includes:

(i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iii) to assess the independence of independent non-executive Directors; and

(iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of the Company.

During the Financial Year under review, the Nomination Committee did not hold any meeting.

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with code provision D.3.1 of the CG Code, which include:

(i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the CG Report.

COMMUNICATION WITH SHAREHOLDERS

The Company established a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. The Company communicates with the shareholders (the "**Shareholders**") and the potential investors (the "**Investors**") of the Company mainly in the following ways:

(i) the holding of annual general meetings and extraordinary general meetings, if any, which may be convened for specific purpose and provide opportunities for the Shareholders and Investors to communicate directly with the Board;

(ii) the publication of quarterly, half-yearly and annual reports, announcements and/or circulars as required under the GEM Listing Rules and/or press releases of the Company providing updated information of the Group; and

(iii) the latest information of the Group will be available on the websites of the Stock Exchange and the Company.

The notice of annual general meetings and any extraordinary general meetings at which the passing a special resolution is to be considered shall be called by not less than 21 clear days' notice prior to the date of meetings. All other extraordinary general meetings maybe called by not less than 14 clear days' notice prior to the date of meetings.

Procedures for Shareholders to convene an Extraordinary General Meeting

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

(i) any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting (the "**EGM**") to be called by the Board for the transaction of any business specified in such requisition;

(ii) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Unit 1911, 19/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Union Registrations Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Board and/or the Company Secretary;

(iii) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered Shareholders;

(iv) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

(v) If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures for Shareholders to put forward proposals at Shareholders' meetings

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, Shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the head office and principal place of business of the Company in Hong Kong at Unit 1911, 19/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, or Hong Kong branch share registrar by post or by fax to (852) 3106 3281 for the attention of the Board and/or the Company Secretary.

COMPANY SECRETARY

As at 30 April 2012, the Company Secretary is Mr. Cheung Yuk Chuen ("**Mr. Cheung**") is responsible in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed and advising the Board on governance matters and should also facilitate induction and professional development of Directors.

Details of backgrounds and qualification of the Company Secretary are set out in the "DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE" of this report. Mr. Cheung who has been appointed by the Board and who has been so nominated by BMI Corporate Services Limited under an engagement letter made between the Company and BMI Corporate Services Limited. The primary corporate contact person at the Company is Ms. Yu Sau Lai, the executive Director of the Company.

A written confirmation had been received by the Company from Mr. Cheung to confirm he took not less than 15 hours of relevant professional training during the Financial Year. The Company is on the view that Mr. Cheung comply with Rule 5.15 of the GEM Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements. The auditors' responsibilities are set out in the "INDEPENDENT AUDITOR'S REPORT" of this annual report.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal control of the Group.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the executive of and discharge of their duties or in relation thereto, the Company has arrange insurance cover for this purpose.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

Messrs. SHINEWING (HK) CPA Limited was re-appointed as the auditors of the Group at the annual general meeting held on 31 August 2011. The remuneration in respect of the Group's audit services and non-audit services provided by Messrs. SHINEWING (HK) CPA Limited for the Company for the Financial Year are as follow:

	2012	2011
	HK$'000	HK$'000
Auditors' remuneration	**470**	360
Other accountancy service fee	**180**	–

INVESTORS RELATIONS

The Company's website offers communication channel between the Company and the Shareholders and the Investors. Apart from disclosure of all necessary information to the Shareholders in compliance with the GEM Listing Rules, news update of the Company's business development and operation are available on the Company's website.

During the Financial Year, the terms of reference of the Audit Committee and the Remuneration Committee were revised in accordance to the amendments of the GEM Listing Rules with effect from 1 January 2012 and 1 April 2012, respectively. The revised terms of reference of the Audit Committee and the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

REPORT OF DIRECTORS

The Directors present this report together with the audited financial statements of the Group for the year ended 30 April 2012.

CHANGE OF COMPANY NAME

The proposed change of name of the Company from "BEST MIRACLE INTERNATIONAL LIMITED 進能國際有限公司" to "Chinese Food and Beverage Group Limited 華人飲食集團有限公司" (the "**Change of Company Name**") was approved by the shareholders of the Company at the extraordinary general meeting held on 31 August 2011. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands and took effect on 31 August 2011 and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 30 September 2011. The stock short names for trading in the shares of the Company on the Stock Exchange was changed from "BEST MIRACLE" to "C FOOD&BEV GP" in English and from "進能國際" to "華人飲食集團" in Chinese on 10 October 2011. The stock code of the Company remains unchanged.

The Board believes that the new name better reflects the Company's future business direction, while highlighting its business strategies in the development of food and beverage industry.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 41 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2012 are set out in the consolidated income statements on page 37 of this report.

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2012 (2011: nil).

SEGMENT INFORMATION

An analysis of the Group's performance by the principal activities and geographical locations of operations for the year ended 30 April 2012 is set out in note 11 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year ended 30 April 2012 are set out in note 21 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons thereof, are set out in notes 33 and 35, respectively, to the consolidated financial statements.

REPORT OF DIRECTORS

SHARE OPTION SCHEME

Share options have been granted to eligible participants under the share option scheme of the Company adopted on 10 June 2003 (the "**Share Option Scheme**"), details of movements in the share options during the year ended 30 April 2012 are shown below:

Name or category of participant	Date of grant	Effective exercise price HK$ *(Note 1)*	Exercise period	Movement of share options (adjusted) during the year: As at 01.05.2011	Exercised	Granted	Adjusted *(Note 2)*	Lapsed	As at 30.04.2012
Directors									
Mr. Too Shu Wing	11.09.2009	0.5076	11.09.2009 – 10.09.2012	1,000,000	–	–	379,000	–	1,379,000
Ms. Chan Lai Kwan Rainbow *(Note 3)*	11.09.2009	0.7000	11.09.2009 – 10.09.2012	1,000,000	–	–	–	(1,000,000)	–
Ms. Wong Yuet May Jeremy *(Note 3)*	11.09.2009	0.7000	11.09.2009 – 10.09.2012	1,000,000	–	–	–	(1,000,000)	–
Mr. Chan Fu Kei *(Note 4)*	11.09.2009	0.5076	11.09.2009 – 10.09.2012	1,000,000	–	–	379,000	(1,379,000)	–
Others									
Staff	11.09.2009	0.5076	11.09.2009 – 10.09.2012	1,000,000	–	–	379,000	–	1,379,000
Total				5,000,000	–	–	1,137,000	(3,379,000)	2,758,000

Notes:

1. As a result of the Open Offer (as defined below) that completed on 13 February 2012, the exercise price per share was adjusted with effect from 17 February 2012.

2. The issue of offer shares on the basis of one offer share for every two existing shares (the "**Open Offer**") that completed on 13 February 2012, the number of share options outstanding which as previously granted by the Company to the option holders were adjusted with effect from 17 February 2012.

3. Mr. Chan Lai Kwan Rainbow and Ms. Wong Yuet May Jeremy resigned as an executive Director with effect from 1 August 2011 and these unexercised share options lapsed on the same date pursuant to the Share Option Scheme. According to their resignation on 1 August 2011, the adjustments of the exercise price per share and the number of share options outstanding did not take into account that were announced by the Company on 17 February 2012.

4. Mr. Chan Fu Kei resigned as an executive Director with effect from 19 February 2012 and these unexercised share options lapsed on the same date pursuant to the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2012 are set out in the consolidated statement of changes in equity on page 41 of this report.

DISTRIBUTABLE RESERVES

As at 30 April 2012, the Company had no reserve available for distribution to the shareholders of the Company (2011: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 30 April is set out on page 2 of this report.

DIRECTORS

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

Executive Directors

Ms. Yu Sau Lai (appointed on 1 August 2011)
Mr. Too Shu Wing
Ms. Chan Lai Kwan Rainbow (resigned as Executive Director and Chief Executive Officer on 1 August 2011)
Ms. Wong Yuet May Jeremy (resigned on 1 August 2011)
Mr. Chan Fu Kei (resigned on 19 February 2012)

Independent Non-executive Directors

Mr. Orr Joseph Wai Shing
Mr. Lam Raymond Shiu Cheung
Mr. Chan Tak Yan (resigned on 1 July 2012)

In accordance with Article 87(1) of the articles of association of the Company (the "**Articles**"), Ms. Yu Sau Lai and Mr. Lam Raymond Shiu Cheung will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (the "**AGM**").

REPORT OF DIRECTORS

INDEPENDENCE CONFIRMATION

The Company has received an annual written confirmation from each of its independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and the senior management of the Group are set out on pages 9 to 10 of this report.

DIRECTORS' SERVICE CONTRACTS

Mr. Too Shu Wing has entered into a service contract with the Company with no fixed terms of service with the Company but he is entitled to terminate his appointment at any time by giving the Company a one-month's notice in writing and vice versa.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' AND THE FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

Details of the emoluments of the Directors and of the five highest paid individuals of the Group are set out in note 19 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 April 2012, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares and underlying shares of HK$0.001 each in the capital of the Company (the "Shares")

Name of Director	Nature of interests/ holding capacity	Shares	Number of underlying Shares *(Note 1)*	Total number of Shares and underlying Shares	Approximate percentage of interests in the Company's issued share capital
Mr. Too Shu Wing	Personal	–	1,379,000	1,379,000	0.03%
Ms. Chan Lai Kwan Rainbow *(Note 2)*	Personal	–	1,000,000	1,000,000	0.03%
Ms. Wong Yuet May Jeremy *(Note 2)*	Personal	–	1,000,000	1,000,000	0.03%
Mr. Chan Fu Kei *(Note 3)*	Personal	–	1,379,000	1,379,000	0.03%

Notes:

1. These underlying Shares represent share options of the Company granted on 11 September 209 to the directors pursuant to the Share Option Scheme. The share options entitled the holders thereof to subscribe for new Shares at an exercise price of HK$0.70 per Share during the period from 11 September 2009 to 10 September 2012, subject to the provisions of the Share Option Scheme. As a result of the Open Offer that completed on 13 February 2012, the exercise price and the number of outstanding share options have been adjusted with effect from 17 February 2012.

2. Mr. Chan Lai Kwan Rainbow and Ms. Wong Yuet May Jeremy resigned as an executive Director with effect from 1 August 2011 and these unexercised share options lapsed on the same date pursuant to the Share Option Scheme. According to their resignation on 1 August 2011, the adjustments of the exercise price per share and the number of share options outstanding did not take into account that were announced by the Company on 17 February 2012.

3. Mr. Chan Fu Kei resigned as an executive Director with effect from 19 February 2012 and these unexercised share options lapsed on the same date pursuant to the Share Option Scheme.

Save as disclosed above, as at 30 April 2012, none of the Directors and the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO), as recorded in the register required to be kept under Section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

REPORT OF DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above, as at 30 April 2012, neither the Company nor any of its subsidiaries was a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors and the chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other body corporate, or there have, at any time during the year ended 30 April 2012, subsisted such arrangement(s) as aforesaid and none of the Directors and the chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS WITH INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 April 2012, the following parties, other than Directors and the chief executive of the Company, held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	**Nature of interests/ holding capacity**	**Number of Shares**	**Approximate percentage of interests in the Company's issued share capital** *(Note 1)*
Upper Run Investments Limited ("**Upper Run**")	Beneficial Owner	1,019,099,900 *(Note 2)*	23.57%
Ms. Chan Yuen Fan Winky ("**Ms. Winky Chan**")	Interest through controlled corporation	1,019,099,900 *(Note 2)*	23.57%
Kingston Finance Limited ("**Kingston**")	Having a security interest	1,010,000,000 *(Note 3 & 4)*	23.36%
Ample Cheer Limited ("**Ample Cheer**")	Interest through controlled corporation	1,010,000,000 *(Note 4)*	23.36%
Best Forth Limited ("**Best Forth**")	Interest through controlled corporation	1,010,000,000 *(Note 4)*	23.36%
Mrs. Chu Yuet Wah ("**Mrs. Chu**")	Interest through controlled corporation	1,010,000,000 *(Note 4)*	23.36%
China Railway Logistics Limited ("**CRL**")	Interest through controlled corporation	296,872,500 *(Note 5)*	6.87%

Notes:

1. As at 30 April 2012, the Company's issued ordinary share capital was HK$4,323,600 divided into 4,323,600,000 Shares of HK$0.001 each.

2. These Shares are beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Winky Chan. By virtue of the SFO, Ms. Winky Chan is deemed to be interested in the Shares held by Upper Run. The Company has not received any updated notice of interest filed by Upper Run after the completion of the Open Offer.

3. Kingston has a security interest in the 1,010,000,000 Shares owned by Upper Run, which relates to the same block of Shares held by Upper Run as mentioned in Note 2 above.

4. Kingston is wholly-owned by Ample Cheer which is in turn 80% owned by Best Forth. Best Forth is in turn wholly-owned by Mrs. Chu. By virtue of the SFO, Mrs. Chu, Best Forth and Ample Cheer are deemed to be interested in the Shares held by Kingston as mentioned in Note 3 above.

5. These 296,872,500 Shares comprise (i) 73,110,000 Shares held by Luck Bloom International Limited ("**Luck Bloom**"); (ii) 21,097,500 Shares held by Excel Return Enterprises Limited ("**Excel Return**"); (iii) 21,300,000 Shares held by Sure Venture Investment Limited ("**Sure Venture**"); (iv) 79,365,000 Shares held by Right Magic Limited ("**Right Magic**"); and (v) 102,000,000 Shares held by Top Status International Limited ("**Top Status**"). Each of Luck Bloom, Excel Return, Sure Venture, Right Magic and Top Status is wholly-owned by Rich Best Asia Limited ("**Rich Best**") which is in turn wholly-owned by CRL. By virtue of the SFO, Rich Best and CRL are deemed to be interested in the Shares in which each of Luck Bloom, Excel Return, Sure Venture, Right Magic and Top Status is interested.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 April 2012 which required to be recorded pursuant to Section 336 of SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken during the year are provided under note 40 to the consolidated financial statements. These related party transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted for the year or at any time during the year except as disclosed under note 40 "Related Party Transactions" to the consolidated financial statements.

REPORT OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 April 2012, the five largest customers of the Group accounted for approximately 24.6% (2011: 100.0%) of the Group's total sales and the five largest suppliers accounted for approximately 57.6% (2011: 100.0%) of the Group's total purchases. In addition, the largest customer accounted for approximately 19.9% (2011: 100.0%) of the Group's total sales and the largest supplier accounted for approximately 27.1% (2011: approximately 40.6%) of the Group's total purchases.

COMPETING INTERESTS

For the year ended 30 April 2012, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The updated information on Director discloseable under Rule 17.50A(1) of the GEM Listing Rules is as follow:

Mr. Lam Raymond Shiu Cheung, an independent non-executive Director, appointed as the chairman of the Remuneration Committee on 1 July 2012.

SUBSEQUENT EVENTS

Details of the subsequent events after the year ended 30 April 2012 are set out in note 43 to the consolidated financial statements.

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

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 11 to 25 of this report.

AUDITORS

The consolidated financial statements for the preceding three years were audited by Messrs. SHINEWING (HK) CPA Limited ("**SHINEWING**") and for the year ended 30 April 2012 have been audited by SHINEWING who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the AGM. A resolution for the re-appointment of SHINEWING as auditors of the Company to hold office until conclusion of the next annual general meeting at a fee to be agreed with the Directors will be proposed at the AGM.

By order of the Board
Yu Sau Lai
Executive Director

Hong Kong, 20 July 2012

INDEPENDENT AUDITOR'S REPORT

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHINESE FOOD AND BEVERAGE GROUP LIMITED
(FORMERLY KNOWN AS BEST MIRACLE INTERNATIONAL LIMITED)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chinese Food and Beverage Group Limited (formerly known as Best Miracle International Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 105, which comprise the consolidated statement of financial position as at 30 April 2012, and the consolidated income statement, 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 International Financial Reporting Standards issued by the International Accounting Standards Board 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, in accordance with our agreed terms of engagement 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.

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 judgment, 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 the 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 Group as at 30 April 2012, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong, 20 July 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	9	**14,928**	4,851
Cost of sales	12	**(18,630)**	(4,681)
Gross (loss) profit		**(3,702)**	170
Other operating income	10	**1,032**	9,295
Gain on disposal of subsidiaries	36	**3,529**	–
Change in fair value of held-for-trading investments		**(6,872)**	(58,200)
Change in fair value of convertible note receivable at fair value through profit or loss	25	**(36,014)**	860
Administrative expenses	12	**(25,744)**	(41,753)
Impairment loss recognised in respect of various assets	13	**(30,528)**	–
Finance costs	14	**(15)**	(392)
Share of results of an associate		**–**	6,654
Loss before tax		**(98,314)**	(83,366)
Income tax expense	15	**–**	–
Loss for the year	16	**(98,314)**	(83,366)
Loss for the year attributable to:			
Owners of the Company		**(97,189)**	(83,366)
Non-controlling interest		**(1,125)**	–
		(98,314)	(83,366)
Loss per share – basic and diluted	17	**HK(3.05) cents**	HK(3.17) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2012

	2012 HK$'000	2011 HK$'000
Loss for the year	**(98,314)**	(83,366)
Other comprehensive income for the year		
Share of other comprehensive income of an associate	**–**	1,466
Total comprehensive expenses for the year	**(98,314)**	(81,900)
Total comprehensive expenses attributable to:		
Owners of the Company	**(97,189)**	(81,900)
Non-controlling interest	**(1,125)**	–
	(98,314)	(81,900)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Plant and equipment	21	**3,651**	5,151
Available-for-sale investments	22	**500**	500
		4,151	5,651
Current assets			
Inventories	23	**243**	–
Trade and other receivables	24	**50,686**	38,804
Convertible note receivable at fair value through profit or loss	25	**–**	36,014
Loans receivables	26	**4,787**	30,000
Held-for-trading investments	27	**11,528**	17,400
Bank balances and cash	28	**2,025**	34,915
		69,269	157,133
Assets classified as held for sale	29	**32,968**	32,969
		102,237	190,102
Current liabilities			
Trade and other payables	30	**5,523**	8,421
Other borrowing	31	**–**	2,495
Obligation under finance lease	32	**56**	–
Income tax payable		**9,661**	9,661
		15,240	20,577
Net current assets		**86,997**	169,525
Total assets less current liabilities		**91,148**	175,176
Non-current liability			
Obligation under finance lease	32	**98**	–
		91,050	175,176

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2012

	Note	**2012**	2011
		HK$'000	HK$'000
Capital and reserves			
Share capital	33	**4,324**	2,882
Reserves		**87,251**	172,294
Equity attributable to owners of the Company		**91,575**	175,176
Non-controlling interest		**(525)**	–
Total equity		**91,050**	175,176

The consolidated financial statements on pages 37 to 105 were approved and authorised for issue by the board of directors on 20 July 2012 and are signed on its behalf by:

Yu Sau Lai
Director

Too Shu Wing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2012

	Attributable to owners of the Company							
	Share capital	Share premium	Share options reserve	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2010	2,402	98,283	70,904	63	(31,062)	140,590	–	140,590
Loss for the year	–	–	–	–	(83,366)	(83,366)	–	(83,366)
Other comprehensive income for the year								
Share of translation reserve of an associate	–	–	–	1,466	–	1,466	–	1,466
Total comprehensive income (expenses) for the year	–	–	–	1,466	(83,366)	(81,900)	–	(81,900)
Issue of shares upon placement *(note 33)*	480	119,620	–	–	–	120,100	–	120,100
Transaction costs attributable to placing of new shares	–	(3,614)	–	–	–	(3,614)	–	(3,614)
Transfer to reserve for share options lapsed	–	–	(68,870)	–	68,870	–	–	–
At 30 April 2011	2,882	214,289	2,034	1,529	(45,558)	175,176	–	175,176
Loss and total comprehensive expenses for the year	–	–	–	–	(97,189)	(97,189)	(1,125)	(98,314)
Capital contributions from non-controlling interest of a subsidiary *(note 41(i))*	–	–	–	–	–	–	600	600
Issue of shares upon open offer *(note 33)*	1,442	12,970	–	–	–	14,412	–	14,412
Transaction costs attributable to open offer	–	(824)	–	–	–	(824)	–	(824)
Transfer to reserve for share options lapsed	–	–	(1,220)	–	1,220	–	–	–
At 30 April 2012	4,324	226,435	814	1,529	(141,527)	91,575	(525)	91,050

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2012

	Notes	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(98,314)**	(83,366)
Adjustments for:			
Change in fair value of held-for-trading investments		**6,872**	58,200
Change in fair value of convertible note receivable at fair value through profit or loss		**36,014**	(860)
Depreciation of plant and equipment		**1,045**	8,164
Finance costs		**15**	392
Gain on disposal of plant and equipment		**(832)**	–
Gain on disposal of subsidiaries	36	**(3,529)**	–
Interest income		**(19)**	(1,433)
Loss on disposal of held-for-trading investments		**–**	760
Loss on disposal of plant and equipment		**–**	1
Impairment loss recognised in respect of various assets	13	**30,528**	–
Share of results of an associate		**–**	(6,654)
Operating cash flows before movements in working capital		**(28,220)**	(24,796)
Increase in inventories		**(243)**	–
(Increase) decrease in trade and other receivables		**(1,153)**	1,106
Increase in trade and other payables		**619**	3,274
NET CASH USED IN OPERATING ACTIVITIES		**(28,997)**	(20,416)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2012

	Note	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES			
Deposit paid for potential equity investment		**(47,000)**	–
Increase in loans receivables		**(4,787)**	(6,092)
Purchase of plant and equipment		**(2,949)**	(1,523)
Purchase of held-for-trading investments		**(1,000)**	–
Deposit refunded (paid) for set-up of a factory		**35,000**	(35,000)
Proceeds from disposal of plant and equipment		**4,429**	633
Proceeds from disposal of subsidiaries	36	**755**	–
Interest received on bank deposits		**19**	16
Interest received on loans receivables		**–**	889
Purchase of convertible note		**–**	(35,154)
Purchase of available-for-sales investments		**–**	(500)
Proceeds from disposal of held-for-trading investments		**–**	2,960
Deposit received for the potential disposal of a subsidiary		**–**	1,000
NET CASH USED IN INVESTING ACTIVITIES		**(15,533)**	(72,771)
FINANCING ACTIVITIES			
Proceeds from open offer, net of expenses		**13,588**	–
Capital contributions received from non-controlling interest of a subsidiary		**600**	–
Repayment of other borrowing		**(2,495)**	(4,000)
Repayment of obligation under finance lease		**(39)**	–
Interest paid		**(15)**	(392)
Proceeds from placing of new shares, net of expenses		**–**	116,486
NET CASH FROM FINANCING ACTIVITIES		**11,639**	112,094
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(32,891)**	18,907
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**34,919**	16,012
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**2,028**	34,919
Represented by:			
Bank balances and cash		**2,025**	34,915
Bank balances and cash included in assets classified as held for sale		**3**	4
		2,028	34,919

1. GENERAL

Chinese Food and Beverage Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The Company was formely known as Best Miracle International Limited and renamed to its current name on 31 August 2011. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") are set out in note 41.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB.

Amendments to IFRSs	Improvements to IFRSs issued in 2010
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
International Accounting Standards ("IAS") 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Right Issues
Amendments to IFRIC- Interpretation ("Int") 14	Prepayments of a Minimum Funding Requirement
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

Amendments to IFRS 3 Business Combination (as part of improvements of IFRSs issued in 2010)

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other standards.

Such amendments to IFRS 3 have been applied in the current year and have affected the accounting for the acquisition of subsidiaries in the current year. The non-controlling interests were measured at their acquisition-date fair value at the date of acquisition of those subsidiaries.

Except for the above, the adoption of the new and revised IFRSs had no material effect on the amounts reported in these consolidated financial statements and / or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[4]
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	First-time adoption of International Financial Reporting Standards – Government Loans[4]
Amendments to IFRS 10, IFRS 11, IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance[4]
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of IFRS 9 and Transition Disclosures[6]
IFRS 9	Financial Instruments[6]
IFRS 10	Consolidated Financial Statements[4]
IFRS 11	Joint Arrangements[4]
IFRS 12	Disclosure of Interests in Other Entities[4]
IFRS 13	Fair Value Measurement[4]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets[2]
IAS 19 (as revised in 2011)	Employee Benefits[4]
IAS 27 (as revised in 2011)	Separate Financial Statements[4]
IAS 28 (as revised in 2011)	Investment in Associates and Joint Ventures[4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[5]
IFRIC – Int 20	Stripping Costs in the Production Phase of a Surface Mine[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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IFRS 7 (Disclosures) –Transfers of Financial Assets

The amendments to IFRS 7 extend the disclosure requirements for the transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of the amendments to IFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities and Amendments to IFRS 7 (Disclosures) – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirement) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 May 2014, with retrospective application required.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 9 – Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the reclassification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition under IFRS 9, entities may made an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised Standards on consolidation and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial information and SIC – 12 Consolidation – Special Purpose Entities. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 May 2013. The adoption of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. The scope of IFRS 13 is broad. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments – Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 May 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for the annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than disclosed above, the directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB and the IFRIC of the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income and expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this result in the non-controlling interest having a deficit balance.

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

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interest in subsidiaries are presented separately from the Group's equity therein.

Change in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Change in the Group's ownership interest in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost and (ii) recognised the aggregate of fair value of consideration received, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss, if any.

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represented the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit and loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held-for-trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading maybe designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loans receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, or loans and receivables.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment loss on financial assets (Continued)

For certain categories of financial asset, such as trade and other receivables and loans receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an amount of the impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and loans receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables and loans receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, other borrowing and obligation under finance lease are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying value and fair value less costs to sell.

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of an asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or a cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

i) *Catering services*

Revenue from restaurant operation is recognised when the catering services are provided.

ii) *Sales of goods*

Revenue from sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

iii) *Service fee income*

Service income is recognised when services are rendered.

iv) *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to directors and employees

The fair value of services received is determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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 profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

The Group as leasee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. The Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Impairment loss recognised in respect of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment has been recognised during the two years ended 30 April 2012 and 2011.

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. At 30 April 2012, the carrying amount of trade receivables were approximately HK$1,255,000 (30 April 2011: HK$984,000). No impairment loss has been recognised during the two years ended 30 April 2012 and 2011.

Fair value of convertible note receivable

Convertible note receivable is carried in the consolidated statement of financial position at the end of the reporting period at their estimated fair value of nil (2011: HK$36,014,000). As described in note 25, the directors of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The estimation of fair value of unlisted convertible notes receivable includes some assumptions not supported by observable market prices or rates. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's convertible note receivable and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement. Details are set out in note 25.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment loss recognised in respect of other receivables and loans receivables

The policy for impairment loss of other receivables and loans receivables is determined by management based on the evaluation of the collectability of accounts and management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each loan or other receivable.

At 30 April 2012, the carrying amount of other receivables was approximately HK$49,431,000 (2011: HK$37,820,000), net of impairment loss of HK$528,000 (2011: nil).

At 30 April 2012, the carrying amount of loans receivables was approximately HK$4,787,000 (2011: HK$30,000,000), net of impairment loss of HK$30,000,000 (2011: nil).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debts which includes other borrowing as disclosed in note 31, obligation under finance lease as disclosed in note 32, bank balances and cash as disclosed in note 28 and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the associated risks, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the issue of new shares and share buy-backs as well as the issue of new debt. The Group's overall strategy remains unchanged from prior periods.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Available-for-sale investments	**500**	500
Fair value through profit or loss		
– Designated as at fair value through profit or loss (see below)	**–**	36,014
– Held-for-trading investments	**11,528**	17,400
	11,528	53,414
Loan and receivables (including bank balances and cash)	**57,376**	103,573
Financial liabilities		
Other financial liabilities at amortised cost	**5,677**	7,416
Receivables designated at fair value through profit or loss		
Carrying amount of receivables designated at fair value through profit or loss	**36,014**	35,154
Changes in fair value and cumulative changes in fair value attributable to changes in credit risk recognised during the year	**(36,014)**	860

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, trade and other receivables, convertible note receivable at fair value through profit or loss, loans receivables, held-for-trading investments, bank balances and cash, trade and other payables, other borrowing and obligation under finance lease are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed rate loans receivables and other borrowing. Details of the Group's loans receivables and other borrowing are disclosed in notes 26 and 31 respectively.

The Group is also exposed to cash flow interest rate risk in relation to its variable rate bank balances. The Group considered that the effect of the cash flow interest rate is minimal and no sensitivity analysis to interest rate risk is presented.

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2011: 10%) higher/lower, post-tax loss for the year ended 30 April 2012 would decrease/increase by approximately HK$963,000 (2011: HK$1,453,000) as a result of the changes in fair values of held-for-trading investments.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

At 30 April 2012 and 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each of the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to loans receivables as mention in note 26. During the year ended 30 April 2012, except for loans receivables were impaired, the management has considered the strong financial background of the borrower of the loans receivables, and therefore the management is satisfied with credit quality of financial assets.

At 30 April 2012 and 2011, the Group has concentration of credit risk as 86% (2011: 100%) of its loans receivables was due from the Group's largest debtor.

At 30 April 2012, the Group has concentration of credit risk as 79% (2011: 100%) of its trade receivables was due from a single customer located in Hong Kong.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity date for obligation under finance lease is based on the agreed repayment date.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Within 1 year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 30 April 2012					
Non-derivative financial liabilities					
Trade and other payables	**5,523**	**–**	**–**	**5,523**	**5,523**
Obligation under finance lease	**61**	**61**	**41**	**163**	**154**
	5,584	**61**	**41**	**5,686**	**5,677**

	Within 1 year or on demand and total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 30 April 2011		
Non-derivative financial liabilities		
Other payables	4,921	4,921
Other borrowing	2,776	2,495
	7,697	7,416

8. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their short-term maturities.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

8. FAIR VALUE *(Continued)*

	At 30 April							
	Level 1		Level 2		Level 3		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial assets:								
Held-for-trading investments	**11,528**	17,400	**–**	–	**–**	–	**11,528**	17,400
Convertible note receivable at fair value through profit or loss	**–**	–	**–**	–	**–**	36,014	**–**	36,014
Total	**11,528**	17,400	**–**	–	**–**	36,014	**11,528**	53,414

The reconciliation of level 3 fair value measurements of financial assets is follows:

	2012	2011
	HK$'000	HK$'000
At 1 May	**36,014**	–
Purchase	**–**	35,154
Total (loss) gain recognised in profit or loss	**(36,014)**	860
At 30 April	**–**	36,014

There were no transfer between Level 1 and 2 in the current and prior years.

Included in the consolidated income statement is a loss of HK$36,014,000 (2011: gain of HK$860,000) which relates to change in fair value of convertible note receivable at the end of the reporting period.

9. TURNOVER

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less discounts.

An analysis of the Group's turnover for the year is as follows:

	2012	2011
	HK$'000	HK$'000
Turnover		
Chinese restaurant operation	**11,953**	–
Sales of electronic products	**2,975**	4,851
	14,928	4,851

10. OTHER OPERATING INCOME

	2012	2011
	HK$'000	HK$'000
Compensation for early termination of consultancy agreement	**–**	2,448
Consultancy fee income	**–**	4,675
Exchange gain (net)	**27**	38
Gain on disposal of plant and equipment	**832**	–
Interest income from:		
– Banks	**19**	16
– loans receivables	**–**	1,417
Management fee income	**–**	650
Others	**154**	51
	1,032	9,295

11. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year ended 30 April 2012, a Chinese restaurant located in Hong Kong was newly operated and regarded as a new business segment of the Group.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

Catering business	–	the operation of a Chinese restaurant in Hong Kong
Electronic products	–	the sale of electronic products

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Catering business		Electronic products		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER						
Revenue from external customers	**11,953**	–	**2,975**	4,851	**14,928**	4,851
RESULT						
Segment results	**(5,680)**	–	**(654)**	127	**(6,334)**	127
Interest income					**19**	1,433
Change in fair value of convertible note receivable at fair value through profit or loss					**(36,014)**	860
Impairment loss recognised in respect of various assets					**(30,528)**	–
Change in fair value of held-for-trading investments					**(6,872)**	(58,200)
Loss on disposal of held-for-trading investments					**–**	(760)
Gain on disposal of subsidiaries					**3,529**	–
Finance costs					**(15)**	(392)
Share of results of an associate					**–**	6,654
Unallocated corporate income					**1,013**	7,862
Unallocated corporate expenses					**(23,112)**	(40,950)
Loss before tax					**(98,314)**	(83,366)

11. SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represents the results of each segment without allocation of interest income, change in fair value of convertible note receivable at fair value through profit or loss, impairment loss recognised in respect of various assets, change in fair value of held-for-trading investments, loss on disposal of held-for-trading investments, gain on disposal of subsidiaries, finance costs, share of results of an associate, central administration costs and directors' emoluments. This is the measure reported to the chief operating decision maker (the board of directors) of the Group for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Catering business		Electronic products		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS						
Segment assets	**1,867**	–	**1,178**	986	**3,045**	986
Unallocated corporate assets						
– Available-for-sale investments					**500**	500
– Other receivables					**49,431**	37,820
– Convertible note receivable at fair value through profit or loss					**–**	36,014
– Loans receivables					**4,787**	30,000
– Held-for-trading investments					**11,528**	17,400
– Bank balances and cash					**2,025**	34,915
– Others					**35,072**	38,118
Total consolidated assets					**106,388**	195,753
LIABILITIES						
Segment liabilities	**332**	–	**–**	3,530	**332**	3,530
Unallocated corporate liabilities						
– Other borrowing					**–**	2,495
– Income tax payable					**9,661**	9,661
– Obligation under finance lease					**154**	–
– Others					**5,191**	4,891
Total consolidated liabilities					**15,338**	20,577

11. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities *(Continued)*

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than available-for-sale investments, other receivables, convertible note receivable at fair value through profit or loss, loans receivables, held-for-trading investments, bank balances and cash and assets classified as held for sale. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable and operating segments other than other borrowing and income tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Other segment information

	Catering business		Electronic products		Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amount included in the measure of segment results or segment assets:								
Additions to non-current assets *(Note)*	**1,593**	–	**194**	–	**1,355**	1,523	**3,142**	1,523
Depreciation of plant and equipment	**234**	–	**8**	2	**803**	8,162	**1,045**	8,164
Gain/(loss) on disposal of plant and equipment	**–**	–	**–**	–	**832**	(1)	**832**	(1)

Note: Non-current assets exclude financial instruments

11. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

	Catering business		Electronic products		Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amount regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:								
Change in fair value of held-for-trading investments	**–**	–	**–**	–	**6,872**	58,200	**6,872**	58,200
Change in fair value of convertible note receivable at fair value through profit or loss	**–**	–	**–**	–	**36,014**	(860)	**36,014**	(860)
Impairment loss recognised in respect of various assets	**–**	–	**–**	–	**30,528**	–	**30,528**	–
Finance costs	**–**	–	**–**	–	**15**	392	**15**	392
Gain on disposal of subsidiaries	**–**	–	**–**	–	**(3,529)**	–	**(3,529)**	–
Interest income	**–**	–	**(8)**	–	**(11)**	(1,433)	**(19)**	(1,433)
Loss on disposal of held-for-trading investments	**–**	–	**–**	–	**–**	760	**–**	760
Share of results of an associate	**–**	–	**–**	–	**–**	6,654	**–**	6,654

(d) Geographical information

For the year ended 30 April 2012, all of the Group's revenue and assets are derived from external customers and operations based in Hong Kong (2011: PRC including Hong Kong) and accordingly, no further analysis of the Group's geographical information is disclosed.

(e) Information about major customers

		Year ended 30 April	
	Segment	**2012**	2011
		HK$'000	HK$'000
Customer A	Electronic products	**2,975**	4,851

12. EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	2012 HK$'000	2011 HK$'000
Cost of materials and consumables used	**7,269**	4,681
Depreciation of plant and equipment	**1,045**	8,164
Operating lease rentals in respect of rented premises and related expenses	**6,692**	9,569
Employees benefit expenses	**13,260**	10,369
Auditors' remuneration	**470**	370
Electricity, water and gas	**921**	169
Advertising and promotion expenses	**175**	–
Loss on disposal of plant and equipment	**–**	1
Loss on disposal of held-for-trading investments	**–**	760
Other expenses	**14,542**	12,351
	44,374	46,434
Representing:		
Cost of sales	**18,630**	4,681
Administrative expenses	**25,744**	41,753
	44,374	46,434

13. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF VARIOUS ASSETS

	2012	2011
	HK$'000	HK$'000
Impairment loss recognised in respect of various assets comprised:		
– Loan interest receivable	528	–
– Loans receivable	30,000	–
	30,528	–

Note:

On 30 November 2011, the loan to Cheong Tat International Limited ("Cheong Tat") amounting to HK$30,000,000 (the "Loan") has expired and Cheong Tat failed to repay the loan and the interests accrued thereon.

During the year ended 30 April 2012, the directors of the Company have taken legal action to demand for repayment of principal and interest accrued of the Loan from Cheong Tat. Details were set out in the Company's announcement dated 27 April 2012. The directors of the Company considered that the likelihood of recovery of the amounts being very remote and impairment loss of approximately HK$528,000 and HK$30,000,000 in respect of other receivables and loans receivable respectively have been recognised during the year ended 30 April 2012.

14. FINANCE COSTS

	2012	2011
	HK$'000	HK$'000
Interest expenses on other borrowing wholly repayable within five years	15	392

15. INCOME TAX EXPENSE

The Company is an exempted company incorporated in the Cayman Islands, as such it is not liable for taxation in the Cayman Islands on its non-Cayman Islands income.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 30 April 2012 and 2011.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated income statement as follows:

	2012 **HK$'000**	2011 HK$'000
Loss before tax	**(98,314)**	(83,366)
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	**(16,221)**	(13,755)
Tax effect of income not taxable for tax purposes	**(858)**	(160)
Tax effect of expenses not deductible for tax purpose	**11,761**	2,870
Tax effect of unused tax losses and deductible temporary differences not recognised	**5,318**	12,143
Tax effect of share of results of an associate	**–**	(1,098)
Income tax expense for the year	**–**	–

Details of the deferred taxation are set out in note 34.

16. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2012 HK$'000	2011 HK$'000
Staff cost (including directors' emoluments)		
– salaries, bonuses and allowances	**12,873**	10,093
– retirement benefit scheme contributions	**387**	276
	13,260	10,369
Auditors' remuneration	**470**	360
Cost of inventories recognised as expenses	**6,817**	4,681
Depreciation of plant and equipment	**1,045**	8,164
Loss on disposal of plant and equipment	**–**	1
Loss on disposal of held-for-trading investments	**–**	760
Operating lease rentals in respect of rented premises	**5,721**	9,115

17. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2012 HK$'000	2011 HK$'000
Loss for the year attributable to the owners of the Company	**(97,189)**	(83,366)
Weighted average number of ordinary shares in issue ('000)	**3,189,541**	2,629,697
Basic loss per share	**HK(3.05) cents**	HK(3.17) cents

Diluted loss per share was the same as the basic loss per share as the Group sustained a loss for the both years, diluted loss per share was not presented as the potential shares arising from the exercise of the Company's share options would decrease the loss for the year which is regarded as anti-dilutive.

18. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2012 HK$'000	2011 HK$'000
Salaries, bonuses and allowances	**10,869**	7,524
Retirement benefit scheme contributions	**350**	221
	11,219	7,745

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its Hong Kong employees. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, each of the Group companies (the "employer") in Hong Kong and its employees makes monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a cap of HK$1,000 per month. During the year ended 30 April 2012, a total contribution of approximately HK$387,000 (2011: HK$276,000) was made by the Group in respect of this scheme.

19. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (2011: eight) directors were as follow:

	For the year ended 30 April 2012				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Equity-settled share-based payment HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Ms. Wong Yuet May, Jeremy (resigned on 1 August 2011)	116	–	–	3	119
Ms. Chan Lai Kwan, Rainbow (resigned on 1 August 2011)	299	–	–	3	302
Mr. Chan Fu Kei (resigned on 19 February 2012)	212	–	–	10	222
Mr. Too Shu Wing	494	–	–	12	506
Ms. Yu Sau Lai, Connie (appointed on 1 August 2011)	565	–	–	9	574
Independent non-executive directors					
Mr. Lam Shiu Cheong, Raymond	106	–	–	–	106
Mr. Chan Tak Yan (resigned on 1 July 2012)	106	–	–	–	106
Mr. Orr Wai Shing, Joseph	106	–	–	–	106
	2,004	–	–	37	2,041

19. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	For the year ended 30 April 2011				
	Fees	Salaries, bonuses and allowances	Equity settled share-based payment	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Ms. Wong Yuet May, Jeremy	260	–	–	12	272
Ms. Chan Lai Kwan, Rainbow	637	–	–	12	649
Mr. Chan Fu Kei	260	–	–	12	272
Mr. Woo Hing Keung, Lawrence (resigned on 10 November 2010)	601	–	–	7	608
Mr. Too Shu Wing	494	–	–	12	506
Independent non-executive directors					
Mr. Lam Shiu Cheong, Raymond (appointed on 3 May 2010)	105	–	–	–	105
Mr. Chan Tak Yan	106	–	–	–	106
Mr. Orr Wai Shing, Joseph	106	–	–	–	106
	2,569	–	–	55	2,624

No directors waived or agreed to waive any emoluments during the year ended 30 April 2012 and 2011.

19. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, three (2011: two) were directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2011: three) highest paid individual were as follows:

	2012	2011
	HK$'000	HK$'000
Salaries, bonuses and allowances	**1,462**	2,585
Retirement benefit scheme contributions	**26**	38
	1,488	2,623

Their emoluments were within the following bands:

	No. of individuals	
	2012	2011
Nil to HK$1,000,000	**2**	3

(c) No emolument have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 30 April 2012 and 2011.

20. DIVIDENDS

No dividend was paid or proposed during the year ended 30 April 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

21. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 May 2010	9,732	2,858	2,629	15,219
Additions	307	480	736	1,523
Disposals	–	–	(946)	(946)
At 30 April 2011	10,039	3,338	2,419	15,796
Additions	858	1,386	898	3,142
Disposal	(9,731)	(2,422)	(1,208)	(13,361)
At 30 April 2012	1,166	2,302	2,109	5,577
ACCUMULATED DEPRECIATION				
At 1 May 2010	1,759	509	525	2,793
Provided for the year	7,190	357	617	8,164
Eliminated on disposals	–	–	(312)	(312)
At 30 April 2011	8,949	866	830	10,645
Provided for the year	257	259	529	1,045
Eliminated on disposals	(8,866)	(380)	(518)	(9,764)
At 30 April 2012	340	745	841	1,926
CARRYING VALUES				
At 30 April 2012	**826**	**1,557**	**1,268**	**3,651**
At 30 April 2011	1,090	2,472	1,589	5,151

21. PLANT AND EQUIPMENT *(Continued)*

Notes:

i) The above items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives at the following rates per annum:

Leasehold improvements	Over the shorter of the lease term or 20%
Furniture, fixtures and office equipment	10% to 25%
Motor vehicles	20%

ii) The carrying values of motor vehicles at 30 April 2012 included an amount of approximately HK$187,000 (2011: nil) in respect of assets under finance leases.

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2012	2011
	HK$'000	HK$'000
Unlisted equity securities, at cost	**500**	500

Available-for-sale investments represent the Group's 5% interests in the share capital of Hong Kong Hai Xi Investment Limited, a private limited liability company incorporated in Hong Kong whose principal activity is investment holding.

The available-for-sale investments are measured at cost less impairment at the end of reporting period because the range of reasonable fair value estimates is so wide that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

23. INVENTORIES

	2012	2011
	HK$'000	HK$'000
Food and beverages	**243**	–

24. TRADE AND OTHER RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables	**1,255**	984
Other receivables, prepayments and deposits		
Other receivables	**653**	560
Prepayments and deposit	**2,306**	2,260
Deposits paid *(notes d, e and f)*	**47,000**	35,000
	49,959	37,820
Less: impairment loss recognised	**(528)**	–
Other receivables, prepayments and deposit and deposits paid, net	**49,431**	37,820
	50,686	38,804

The Group allows a general credit period of 30 to 90 days to its customers of electronic products.

The sales in catering business are mainly conducted in cash or by credit cards. Certain customers are granted credit period of 30 days.

The Company does not hold any collateral over trade and other receivables.

(a) An aged analysis of trade receivables, net of impairment loss recognised presented based on invoice date as the end of the reporting period is as follow:

	2012 HK$'000	2011 HK$'000
0-30 days	**253**	–
31-60 days	**–**	984
61-90 days	**6**	–
91-120 days	**6**	–
over 120 days	**990**	–
	1,255	984

24. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) The movement of impairment losses recognised in respect of other receivables is as follows:

	2012	2011
	HK$'000	HK$'000
At 1 May	**–**	–
Recognised during the year	**528**	–
At 30 April	**528**	–

At 30 April 2012, included in impairment loss are individually impaired other receivables with an aggregate balance of approximately HK$528,000 (2011: nil) recognised due to the financial difficulties of Cheong Tat and details are set out in note 13.

(c) At 30 April 2012 and 2011, the aging analysis of trade receivables that were past due but not impaired as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**30 days**	**31-60 days**	**91-180 days**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 April 2012	1,255	253	–	6	996
At 30 April 2011	984	984	–	–	–

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

Trade receivables that were past due but not impaired relate to 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.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

(d) On 17 August 2011, the Group entered into a memorandum of understanding ("MOU1") with Key Ally Limited ("Key Ally"), an independent third party not connected with the Group, pursuant to which the Group was interested to acquire the interest in 太原市漢波食品工業有限公司("Taiyuan Hanbo") to explore the food and beverage industry in PRC through its indirect wholly owned subsidiary, Red Bloom Limited ("Red Bloom"). The earnest deposit of HK$44,000,000 without interest bearing was paid as a deposit and partial payment of the consideration for the proposed investment. The MOU1 has been expired on 13 February 2012. On 7 May 2012, the Group had agreed with Key Ally to refund the earnest deposit and the details are set out in note 43.

(e) On 5 April 2012, the Group entered into a memorandum of understanding ("MOU2") with Teamedics Enterprise (Holdings) Company Limited ("Teamedics"), an independent third party not connected with the Group, pursuant to which the Group was interested to acquire the interest in Teamedics to expending the trading of electricity products business through its indirect wholly owned subsidiary, Crown Century Investment Limited ("Crown Century"). The earnest deposit of HK$3,000,000 without interest bearing was paid as a deposit and partial payment of the consideration for the proposed investment. On 8 May 2012, Crown Century entered into a supplemental MOU2 and paid additional earnest deposit of HK$5,000,000 without interest bearing. The MOU2 will be expired on 8 August 2012. On 6 July 2012, the Group had further entered into a second supplemental MOU2 with Teamedics and agreed to extend the contract expiry date to 6 October 2012 in order to carry out due diligence and other investigations.

(f) At 30 April 2011, the amount of HK$35,000,000 represents the earnest money paid to Sino Favour Group Limited ("Sino Favour"), an independent third party not connected with the Group in relation to a cooperative framework agreement for the set up of a food manufacturing and processing factory in the PRC. Details of the cooperative framework agreement can be found in the announcement of the Company dated 15 March 2011. On 21 July 2011, the cooperative framework agreement was terminated and the Group received full refund of the amount. Details was set out in the Company's announcement dated 25 July 2011.

25. CONVERTIBLE NOTE RECEIVABLE AT FAIR VALUE THROUGH PROFIT OR LOSS

Convertible note receivable is designated as financial assets at fair value through profit and loss and the details are as follows:

	Convertible Note
	HK$'000
Date of issue	4 November 2010
Coupon rate	0%
Maturity date	8 November 2013
Principal amount	HK$35,154,000

The convertible note can be converted into shares of the issuer at any time within a period of three years from the date of issue. Redemption is made on maturity of the convertible note.

25. CONVERTIBLE NOTE RECEIVABLE AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The movement of the convertible note receivable is as follows:

	2012	2011
	'000	'000
At 1 May/date of issue	**36,014**	35,154
Fair value (loss) gain	**(36,014)**	860
At 30 April	**–**	36,014

(a) On 27 April 2012, the Group had requested the convertible note issuer, Cheong Tat to redeem the entire outstanding principal amount of the convertible note as Cheong Tat failed to repay the loan and it constitutes an event of default under the terms of the convertible note. Details are set out in note 13.

(b) Convertible note receivable is classified according to the maturity date of the instrument. However, the directors of the Company have approved the conversion of the convertible bonds on 29 November 2010 and thus, the convertible bonds are expected to be realised within twelve months after the reporting period and is included in current assets.

(c) Fair values of these unlisted convertible note receivable has been determined with reference to the valuation performed by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group, using the Binominal Option Pricing Model ("Binominal Model").

Binominal Model is used for valuation of convertible note receivable designated as financial assets at fair value through profit or loss. The inputs into the model at the date of issue and at 30 April 2011 were as follows:

	4 November 2010	**30 April 2011**
Conversion price (HK$'000)	35.154	35.154
Time to maturity	3.00	2.53
Risk-free rate	2.73%	3.22%
Equity volatility	37.8%	34.5%
Asset volatility	19.8%	17.9%
Straight bond discount rate	19.6%	19.0%

(d) During the year ended 30 April 2012, as a result of the default repayment of loans receivables from Cheong Tat and the legal action taken by the Company as stated in note 13, the directors of the Company considered that the likelihood of recovery of the outstanding principal amount of the convertible note being very remote and based on their judgment, it is more appropriate to write down the entire convertible note to their estimated fair value of nil and loss of HK$36,014,000 relates to change in fair value of convertible note receivable has been recognised at the end of the reporting period.

26. LOANS RECEIVABLES

On 29 November 2010, the Group entered into a loan agreement with Cheong Tat, an independent third party not connected with the Group pursuant to which the Group agreed to advance a loan of HK$30,000,000 to Cheong Tat at an interest rate of 4.2% per annum. The loan was unsecured and repayable with 12 months. During the year ended 30 April 2012, the loans receivable has been fully impaired and the details are set out in note 13.

On 26 March 2012, the Group entered into a loan agreement with Host Luck Limited ("Host Luck"), an independent third party not connected with the Group pursuant to which the Group agreed to advance a loan to Host Luck interest free and repayable on demand. During the year, the Group had advanced of approximately HK$4,787,000 to Host Luck. The loan had been fully settled on 4 May 2012.

The Group does not hold any collateral over loans receivables.

The movement of the impairment loss recognised in respect of loans receivables is as follows:

	2012 **HK$'000**	2011 HK$'000
At 1 May	**–**	–
Recognised during the year	**30,000**	–
At 30 April	**30,000**	–

At 30 April 2012, included in impairment loss is individually impaired loan receivable with an aggregate balance of approximately HK$30,000,000 (2011: nil) recognised due to the financial difficulties of Cheong Tat and details are set out in note 13.

27. HELD-FOR-TRADING INVESTMENTS

	2012 **HK$'000**	2011 HK$'000
Held-for-trading investments comprise:		
– Equity securities listed in Hong Kong	**11,528**	17,400

The above financial assets are classified as held-for-trading. The fair values of these financial assets are based on quoted market prices.

28. BANK BALANCES AND CASH

(a) Bank balances comprised of deposits with an original maturity of three months or less.

(b) The effective interest rate on bank balances and bank deposits was 0.03% (2011: 0.05%) per annum.

(c) At 30 April 2012, the Group's bank balances and cash denominated in RMB amounted to approximately RMB6,000, equivalent to approximately HK$7,000 (2011: RMB6,000 equivalent to approximately HK$7,000). Conversion of RMB to foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

(d) Included in bank balances and cash are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2012	2011
	'000	'000
USD	**1**	2
RMB	**6**	6

29. ASSETS CLASSIFIED AS HELD FOR SALE

On 30 September 2010, the Group entered into a memorandum of understanding with Best Fortress Limited ("Best Fortress"), an independent third party not connected with the Group for the potential disposal of the entire equity interests in Welford International Industrial Limited ("Welford"). An earnest money of HK$1,000,000 was received by the Group during the year ended 30 April 2011.

In order to grant an addition negotiation right to Best Fortress to carry out due diligence and other investigations, the Group entered into two revised memorandum of understandings with Best Fortress on 30 September 2011 and 31 March 2012 and agreed to further extend the contract expiry dates from 30 September 2011 to 31 March 2012 and from 31 March 2012 to 30 September 2012 respectively.

29. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

The major assets of Welford classified as held for sale at 30 April 2012 are as follow:

	2012	2011
	HK$'000	HK$'000
Interest in an associate	**32,965**	32,965
Bank balances	**3**	4
	32,968	32,969

30. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	HK$'000
Trade payables	**332**	–
Receipt in advance	**–**	3,500
Other payables *(Note)*	**5,191**	4,921
	5,523	8,421

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	2012	2011
	HK$'000	HK$'000
Within 30 days	**332**	–

Payment terms granted by suppliers are generally 30 days after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Note: Included in other payables is an amount of HK$1,000,000 (2011: HK$1,000,000) deposit received from Best Fortress Limited for the potential disposal of Welford. Details are set out in note 29.

31. OTHER BORROWING

The other borrowing was due to an independent third party and was unsecured, carried interest at 11.25% per annum and was fully settled during the year.

32. OBLIGATION UNDER FINANCE LEASE

Analysed for reporting purposes as:

	2012	2011
	HK$'000	HK$'000
Current liabilities	**56**	–
Non-current liabilities	**98**	–
	154	–

It is the Group's policy to lease its motor vehicles under finance lease. The lease term of the lease is 3 years (2011: nil). Interest rate underlying the obligation under finance lease fixed at 1.72% per annum during the year ended 30 April 2012 (2011: nil).

The lease had no term of renewal or purchase option and escalation clause.

	Minimum lease payments		**Present value of minimum lease payments**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance lease:				
Within one year	**61**	–	**56**	–
More than one year, but not more than two years	**61**	–	**58**	–
More than two years, but not more than five years	**41**	–	**40**	–
	163	–	**154**	–
Less: Future finance charges	**(9)**	–	**–**	–
Present value of lease obligation	**154**	–	**154**	–
Less: Amounts due within one year shown under current liabilities			**(56)**	–
Amounts due after one year			**98**	–

The Group's obligation under finance lease is secured by the lessor's charge over the leased asset.

33. SHARE CAPITAL

Ordinary shares of HK$0.001 each	**Number of shares** '000	**Amount** HK$'000
Authorised:		
At 1 May 2010, 30 April 2011 and 30 April 2012	50,000,000	50,000
Issued and fully paid:		
At 1 May 2010	2,402,000	2,402
Issue of share upon placement *(Note i)*	480,400	480
At 30 April 2011	2,882,400	2,882
Issue of share upon open offer *(Note ii)*	1,441,200	1,442
At 30 April 2012	4,323,600	4,324

Notes:

i) On 8 November 2010, the Group had placed 480,400,000 new ordinary shares of HK$0.001 each at the price of HK$0.25 per placing share. The net proceeds from the placement after deducting all related expenses was approximately HK$116,486,000 which were used to provide additional general working capital for the Company and/or for future possible investment opportunities.

ii) On 20 January 2012, the Group had offered 1,441,200,000 new ordinary shares of HK$0.001 each at the price of HK$0.01 per offer share. The net proceeds from the open offer after deducting all related expenses was approximately HK$13,588,000 which was used to provide additional general working capital for the Company and/or for future possible investment opportunities.

iii) All the ordinary shares issued during the year rank pari passu with the existing ordinary shares in all respects.

34. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation	**Estimated tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 May 2010	(40)	40	–
Credited (charged) to consolidated income statement	40	(40)	–
At 30 April 2011 and 30 April 2012	–	–	–

At the end of the reporting period, the Group had unused tax losses of approximately HK$116,698,000 (2011: HK$82,879,000) available for offset against future profits. No deferred tax asset had been recognised in relation to such tax losses for the years ended 30 April 2012 and 2011. The unrecognised tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group had deductible temporary difference of approximately HK$1,181,000 (2011: HK$2,770,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

35. EQUITY-SETTLED SHARE BASED PAYMENT

Pursuant to the written resolutions of the shareholders of the Company dated 10 June 2003, among others, a share option scheme namely, Employee Share Option Scheme, was adopted by the Company.

(a) Purpose of the Employee Share Option Scheme

The purpose of the Employee Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

(b) Participants of the Employee Share Option Scheme

Pursuant to the Employee Share Option Scheme, the board of directors ("Board") may, at its discretion, invite (i) employees of the Company (whether full-time or part-time) or any of its subsidiaries or associated companies; (ii) directors of the Company (whether executive directors, non-executive directors or independent non-executive directors) or directors of any of the subsidiaries or associated companies of the Group; (iii) suppliers of goods and/or services to the Company or any of its subsidiaries or associated companies; (iv) resellers, distributors, licensees, business collaborators, business consultants, joint venture or business partners, technical, financial, legal and other professional advisors engaged by the Company or any of its subsidiaries or associated companies; (v) substantial shareholders of each member of the Group; (vi) associates of directors or substantial shareholders of any of member of the Group, the subsidiaries or their associated companies; and (vii) the trustee of any trust pre-approved by the Board the beneficiary (or in case of discretionary trust, the discretionary objects) which includes any of the above-mentioned persons, to take up options to subscribe for shares of the Company.

(c) Total number of shares available for issue under the Employee Share Option Scheme

The total number of shares of the Company which may by issued upon exercise of all options to be granted under the Employee Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 20,000,000 shares (increased to 200,000,000 shares by the share sub-division with effect in October 2007) of the Company, which represents 10% of the total number of the shares of the Company in issue immediately following completion of the Placing (as defined in the Company's prospectus dated 23 June 2003). The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Employee Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

35. EQUITY-SETTLED SHARE BASED PAYMENT *(Continued)*

(d) Maximum entitlement of each participant

Pursuant to the Employee Share Option Scheme, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted pursuant to the Employee Share Option Scheme and any other share option schemes of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

(e) Time of exercise of options

Pursuant to the Employee Share Option Scheme, any option may be exercised in accordance with its terms at any time during a period of not more than ten years after the date on which an offer of the option is made to a grantee to be notified by the Board to each grantee and there is no minimum period for which an option must be held before it can be exercised.

(f) Acceptance of option

Pursuant to the Employee Share Option Scheme, HK$1.00 per offer of grant is payable by the grantee to the Company on acceptance of the option offer as consideration for the grant. Pursuant to the Employee Share Option Scheme, the option must be accepted within 21 days from the date on which an offer of option is made to a grantee.

(g) Basis of determining the subscription price

The subscription price per share under the Employee Share Option Scheme shall be determined by the Board at its absolute discretion and notified to each grantee and shall be no less than the highest of:

(i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date on which an offer of the option is made to a grantee, which must be a Trading Day (as defined in the Employee Share Option Scheme);

(ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five consecutive trading days immediately preceding the date on which an offer of the option is made to a grantee; and

(iii) the nominal value of a share of the Company.

(h) Remaining life of the Employee Share Option Scheme

The Employee Share Option Scheme will remain valid for a period of 10 years commencing on 10 June 2003 (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Employee Share Option Scheme).

35. EQUITY-SETTLED SHARE BASED PAYMENT *(Continued)*

Movements of the Group's share options held by directors and employees during the two years ended 30 April 2012 and 2011 are as follows:

		Number of share options							
Category of participant	Date of grant	Outstanding at 1 May 2010	Lapsed during the year *(Notes i and ii)*	Outstanding at 30 April 2011	Adjusted upon open offer *(Note iii)*	Lapsed during the year *(Note iv)*	Outstanding at 30 April 2012	Exercise period	Exercise price per share *HK$*
Directors	27 October 2007	20,000,000	(20,000,000)	–	–	–	–	27 October 2007 to 27 October 2010	2.32
	11 September 2009	5,000,000	(1,000,000)	4,000,000	758,000	(3,379,000)	1,379,000	11 September 2009 to 10 September 2012	0.5076
Employees	11 September 2009	1,000,000	–	1,000,000	379,000	–	1,379,000	11 September 2009 to 10 September 2012	0.5076
	14 September 2009	1,000,000	(1,000,000)	–	–	–	–	14 September 2009 to 13 September 2012	0.78
Business associates	27 October 2007	20,000,000	(20,000,000)	–	–	–	–	27 October 2007 to 27 October 2010	2.32
		47,000,000	(42,000,000)	5,000,000	1,137,000	(3,379,000)	2,758,000		
Exercisable at the end of year							2,758,000		
Weighted average exercise price (HK$)		2.08	2.24	0.7		0.6215	0.5076		

No share option was granted during the year ended 30 April 2012 (2011: nil).

Notes:

(i) The exercise period of the share options was expired during the year ended 30 April 2011 and the relevant outstanding share options were lapsed.

(ii) The grantees of the share options are no longer the director of the Company and employee upon resignation on 10 November 2010 and 7 January 2011 respectively. Those share options lapsed on the date of cessation of the employment with the Company.

(iii) The issue of offer shares on the basis of one offer share for every two existing shares and pursuant to the prospectus of the Company dated 20 January 2012 was completed on 13 February 2012, the exercise price and the number of share options outstanding which as previously granted by the Company to the option holders were adjusted, details were set out in the Company's announcement dated 17 February 2012.

(iv) The grantees of the share options are no longer the directors of the Company upon resignation on 1 August 2011 and 19 February 2012 respectively. Those share options lapsed on the date of cessation of the employment with the Company.

36. DISPOSAL OF SUBSIDIARIES

(a) On 11 May 2011, the Group disposed of its entire equity interest in Best Miracle Limited to Super Billion Limited, an independent third party for a cash consideration of HK$750,000.

Consideration received

	HK$'000
Total consideration received, settled by cash	750

Analysis of assets and liabilities over which control was lost:

	At 11 May 2011 HK$'000
Other deposits	743
Other payables	(17)
Net assets disposed of	726

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	750
Net assets disposed of	(726)
Gain on disposal	24

Net cash inflow arising on disposal of Best Miracle Limited

	HK$'000
Cash consideration received	750
Less: cash and cash equivalent disposed of	–
	750

The subsidiary disposed of during the year ended 30 April 2012 had no contribution to the Group's turnover and no significant impact on the results of the Group. The subsidiary also had no contribution to the Group's net operating cash flow, and cash flow from investing activities and financing activities.

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) On 30 June 2011, the Group disposed of its entire equity interest in Happy Capital Investment Limited to Open Venture Enterprises Limited, an independent third party for a cash consideration of HK$5,000.

Consideration received

	HK$'000
Total consideration received, settled by cash	5

Analysis of assets and liabilities over which control was lost:

	At 30 June 2011 HK$'000
Receipt in advance	(3,500)
Net liabilities disposed of	(3,500)

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	5
Net liabilities disposed of	3,500
Gain on disposal	3,505

Net cash inflow arising on disposal of Happy Capital Investment Limited

	HK$'000
Cash consideration received	5
Less: cash and cash equivalent disposed of	–
	5

The subsidiary disposed of during the year ended 30 April 2012 had no contribution the Group's turnover and no significant impact on the results of the Group. The subsidiary also had no contribution to the Group's net operating cash flow, and cash flow from investing activities and financing activities.

37. NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of HK$193,000.

38. OPERATING LEASE COMMITMENT

The Group as leasee

The Group leases a restaurant, office premises, guest accommodations and staff quarter under operating lease arrangement. Leases are negotiated for terms ranging from two to three years. Rental arrangements were fixed at the inception of the leases.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2012	2011
	HK$'000	HK$'000
Within one year	**6,109**	4,075
In the second to fifth years inclusive	**7,012**	3,635
	13,121	7,710

39. CAPITAL COMMITMENTS

At 30 April 2011, the Group had capital commitments in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements of approximately HK$596,000 (2012: nil).

40. RELATED PARTY TRANSACTIONS

The Group had related party transactions for the two years ended 30 April 2012 and 2011 as follows:

Key management compensation

The remuneration of the directors and other key executives during the two years ended 30 April 2012 and 2011 were as follows:

	2012 **HK$'000**	2011 HK$'000
Short-term employment benefit	**2,004**	2,569
Post employment benefits	**37**	55
	2,041	2,624

The remuneration of the directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 30 April 2012 and 2011 are as follows:

Name of subsidiaries	Class of shares held	Place of incorporation/ operations	Paid up issued share capital	Percentage of equity interest attributable to the Group directly	indirectly	Principal activities
Goldbox Company Limited	Ordinary	Hong Kong	HK$10,000	Nil	99.99%	Corporate administration
Hola Far East Limited	Ordinary	Hong Kong	HK$100	Nil	100%	Trading of apparel and electronic products
Magic Charming Investments Limited	Ordinary	British Virgin Islands ("BVI")	US$1	Nil	100%	Investment in listed securities
Megamillion Asia Limited	Ordinary	BVI	US$1	Nil	100%	Investment holding
Best Oasis Holdings Limited	Ordinary	Hong Kong	HK$1	Nil	100%	Corporate administration
Able Wind Limited	Ordinary	Hong Kong	HK$100	Nil	80% (2011: nil *(Note i)*)	Catering business

41. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiaries	Class of shares held	Place of incorporation/ operations	Paid up issued share capital	Percentage of equity interest attributable to the Group directly	indirectly	Principal activities
Able Treasure (Hong Kong) Limited	Ordinary	Hong Kong	HK$1	Nil	80% (2011: nil (Note ii))	Provision of management service
Best Miracle Limited	Ordinary	Hong Kong	HK$1	Nil	Nil (2011: 100% *(Note iii)*)	Inactive
Happy Capital Investment Limited	Ordinary	Hong Kong	HK$1	Nil	Nil (2011: 100% *(Note iv)*)	Inactive

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

Notes:

(i) On 2 June 2011, the Company acquired 1 share, represented 100% equity interests in Able Wind Limited from an independent third party for a consideration of HK$1. During the year 30 April 2012, Able Wind Limited issued addition 99 ordinary shares at an issue price of HK$30,000 per share and 20 ordinary shares were subscribed by non-controlling interest with net proceeds amount of HK$600,000. Upon completion of the share issue of Able Wind Limited, the equity interests of Able Wind Limited held by the Group decreased from 100% to 80%.

(ii) On 5 August 2011, Able Wind Limited acquired 1 ordinary share, represented 100% equity interests in Able Treasure (Hong Kong) Limited from an independent third party.

(iii) On 11 May 2011, the Company disposed of entire equity interests in Best Miracle Limited to Super Billion Limited which is an independent third party at consideration of HK$750,000. Details of the disposal are disclosed in note 36(a).

(iv) On 30 June 2011, the Company disposed of entire equity interests in Happy Capital Investment Limited to Open Venture Enterprises Limited which is an independent third party at consideration of HK$5,000. Details of the disposal are disclosed in note 36(b).

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Plant and equipment		**13**	34
Investments in subsidiaries		**8**	8
		21	42
Current assets			
Amounts due from subsidiaries	(a)	**70,992**	194,112
Bank balances and cash		**383**	2,722
		71,375	196,834
Current liabilities			
Other payables		**341**	372
Amounts due to subsidiaries	(a)	**29,335**	5,309
		29,676	5,681
Net current assets		**41,699**	191,153
Total assets less current liabilities		**41,720**	191,195
Capital and reserves			
Share capital		**4,324**	2,882
Reserves	(b)	**37,396**	188,313
Total equity		**41,720**	191,195

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) The amounts due from (to) subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b) The movements in the reserves of the Company during the reporting period are:

	Share premium	Share options reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 May 2010	98,283	70,904	(59,613)	109,574
Loss for the year	–	–	(37,267)	(37,267)
Issue of shares upon placement	119,620	–	–	119,620
Transaction costs attributable to placing of new shares	(3,614)	–	–	(3,614)
Transfer to reserve for share options lapsed	–	(68,870)	68,870	–
At 30 April 2011	214,289	2,034	(28,010)	188,313
Loss for the year	–	–	(163,063)	(163,063)
Issue of share upon open offer	12,970	–	–	12,970
Transaction costs attributable to open offer	(824)	–	–	(824)
Transfer to reserve for share options lapsed	–	(1,220)	1,220	–
At 30 April 2012	**226,435**	**814**	**(189,853)**	**37,396**

43. EVENTS AFTER THE REPORTING PERIOD

On 7 May 2012, the Group has reached a repayment agreement with Key Ally regarding the repayment of the earnest deposit under the MOU of HK$44,000,000. Pursuant to the repayment agreement, the earnest deposit will be refunded to the Group by 16 monthly installments and carrying at fixed interest rate of 5% per annum. The earnest deposit will be fully refunded in August 2013.

The first and second repayment had been received on 15 June 2012 and 17 July 2012 respectively.