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Epicurean and Company, Limited

Incorprated in the Cayman Islands with Limited Liability

(Stock Code: 8213)

Annual Report
2012-2013

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

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTOR
Mr. Tang Sing Ming Sherman
(Chairman of the Board and Chief Executive Officer)

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

COMPANY SECRETARY
Mr. Ho King Yee

COMPLIANCE OFFICER
Mr. Tang Sing Ming Sherman

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

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

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

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

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

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
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GEM STOCK CODE
8213

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to you the annual report of Epicurean and Company, Limited (the "Company") for the year ended 31 March 2013.

Two years ago, we embarked on a new business segment, food and beverage ("F&B"), to diversify our revenue mix. During this period, the seeds of the transformation took root. Our Group finally discontinued the unprofitable information technology unit and evolved into a multiple-brand F&B company. We now operate more than 50 shops in Hong Kong and the PRC under 5 core concepts as of the reporting date. We have, on the one hand, pursued organic growth by rapid new store openings and increase same store growth by stimulating spending; and on the other hand, acquired dining concepts to enrich our brand portfolio. During the year, our Group added new brands, including a well known group of restaurants, café and cake shops, Japanese curry specialty shops and Taiwanese beef noodle.

In a short period of time, we expanded our portfolio with increased store presence and broadened our customer base. This has helped to drive our revenue to a new record. Revenue from continuing operation increased from HK$89.3 million to HK$255.1 million, representing a growth of more than 186%. The loss, however, had increased from HK$7.0 million to HK$12.9 million, which was mainly due to two factors, a squeeze on profit margin resulted from surging operating costs and more importantly, considerable pre-opening expenses incurred from rapid rolling out of new stores and development of new concepts.

Like most retailers, our business is facing strong headwinds. In the year ended 31 March 2013, we continued to face challenges from various fronts, including increasing difficulty in securing good locations for reasonable rent, shortage of labour in the F&B sector, and rising price of raw materials. To tackle these challenges, numerous measures including brand building through promotion campaigns, menu engineering, optimizing work flow at the operations level and stringent cost control had been adopted. We expect all these measures will bring positive changes to our Company very soon.

We believe people are the reason for the success of every business. In such a demanding market, we continue to strengthen our people and help them achieve. During the fiscal year, we had intensified our internal training to improve the performance of our staff. Coinciding with that, we welcomed several new members to our management team. Their extensive experiences and knowledge in the F&B industry will bring new insight to our Group.

In the coming year, we will continue to ensure that the Company remains well positioned to identify and act on opportunities to enhance value, while maintaining a balanced approach to allocate our resources between the development of existing business and the acquisition or development of new concepts.

CHAIRMAN'S STATEMENT

We have outlined our development agenda in the near future and we will implement the business plan with flexibility in order to achieve our goal as a leading hospitality group in Asia. In fiscal 2013/2014, we plan to extend our footing beyond Shanghai to other major cities in the PRC. We will also accelerate the pace of new store opening and introduce new dining concepts to the Greater China market. While we focus our attention on opportunities in the PRC, we will continue to pursue strategic acquisitions in other affluent markets in the region.

Entering into a new fiscal year, we will take a more proactive approach to increase the operating efficiency and reduce costs. A distribution centre will be built to support our outlets and streamline our supply chain. It is clear that improving operating efficiencies alone is not enough. The highly competitive F&B sector requires us to improve our customer experience, and to continuously differentiate and innovate. We will seek to create new concepts and tastes to surprise and delight our customers on an ongoing basis.

I remain optimistic about the Company's future. I believe these actions once executed, will improve our performance in the coming years and enhance shareholders value with a sustainable long term growth.

Finally, I would like to express my sincere gratitude to all our shareholders and customers for their continuous care and support. I would also like to thank all of our employees for their hard work and dedication to our Group during the year.

Tang Sing Ming Sherman
Chairman
Hong Kong, 24 June 2013

CORPORATE GOVERNANCE REPORT

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Set out below are those principles of corporate governance as adopted by the Company during the reporting year.

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 March 2013, except for the deviations from Code Provisions A.2.1 and A.4.2 of the Corporate Governance Code. Details of the deviations are set out in the relevant sections below.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2013, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

THE BOARD

Board of Directors

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

The Company complied at all times during the financial year ended 31 March 2013 with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors.

Mr. Bhanusak Asvaintra, one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive Directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. Except as otherwise disclosed in this Annual Report, none of the independent non-executive Directors has any business or financial interests with the Group and all independent non-executive Directors confirmed their independence to the Group as at 31 March 2013 in accordance with Rule 5.09 of the GEM Listing Rules.

THE BOARD (cont'd)

Board of Directors (cont'd)

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being, or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, as at the date hereof, Mr. Tang Sing Ming Sherman being the Chairman of the Board, is not subject to retirement by rotation. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

Executive Directors

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

Independent non-executive Directors

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

THE BOARD (cont'd)

Independent non-executive Directors (cont'd)

Each of the independent non-executive Directors of the Company who was appointed on 18 February 2010 has signed a letter for renewal of appointment for a term of three years ending on 17 February 2016 with the Company, unless terminated earlier by either side by giving the other not less than one month's prior written notice and subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Articles of Association of the Company. The commencement dates of the re-appointment for each of the independent non-executive Directors are as follows:

Independent non-executive Directors	Commencement Date
Mr. Bhanusak Asvaintra	18 February 2013
Mr. Chan Kam Fai Robert	18 February 2013
Mr. Chung Kwok Keung Peter	18 February 2013

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

Mr. Tang Sing Ming Sherman is the Chairman of the Board and the Chief Executive Officer of the Company. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that:

- the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer;
- the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer;
- Mr. Tang Sing Ming Sherman as the Chairman of the Board and the Chief Executive Officer of the Company is responsible for ensuring that all Directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributing to the Board and the Group on all top-level and strategic decisions; and
- this structure will not impair the balance of power and authority between the Board and the management of the Company.

AUDIT COMMITTEE

The Company had established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors as at 31 March 2013, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter who were appointed on 18 February 2010. The Chairman of the Audit Committee is Mr. Bhanusak Asvaintra, who possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

AUDIT COMMITTEE (cont'd)

A total of four Audit Committee meetings were held during the financial year ended 31 March 2013 to review and discuss the annual, quarterly and interim results and financial statements of the Group respectively. The adequacy of the Company's policies and procedures regarding financial reporting and internal controls were also discussed. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues that the Audit Committee considers necessary. The external auditor of the Group may request a meeting with the Audit Committee if they consider necessary.

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

The main duties of the Audit Committee include but not limited to the followings:

- To consider the selection and appointment of the external auditor, the audit fee, and any question concerning the resignation or dismissal of the external auditor

- To discuss with the external auditor the nature and scope of the audit

- To review and monitor the external auditor's independence and the objectivity and the effectiveness of the audit process in accordance with applicable standards

- To develop and implement policy on the engagement of external auditor to supply non-audit services

- To review the Group's quarterly, interim and annual financial statements and results respectively before the submission of them to the Board

- To discuss any problems and reservations arising from the final audits and any matters that the external auditor may wish to discuss

- To review the Group's statement on internal control system prior to the endorsement of it by the Board

- To consider the major findings of any internal investigation and the management's response

- To consider other topics, as determined by the Board

- To review arrangements employees of the Company and its subsidiaries can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

AUDIT COMMITTEE (cont'd)

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

CORPORATE GOVERNANCE FUNCTION

The Company has established the Corporate Governance Committee on 13 February 2012 with written terms of reference in compliance with Code Provision D.3.1 under Appendix 15 of the GEM Listing Rules. The members of the Corporate Governance Committee consist of Mr. Tang Sing Ming Sherman and all independent non-executive Directors of the Company. The Chairman of the Corporate Governance Committee is Mr. Tang Sing Ming Sherman.

The main duties of the Corporate Governance Committee are as follows:

- To develop and review the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct applicable to the Directors and the employees of the Group;
- To review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report as required under the GEM Listing Rules;
- To direct and supervise the investigation into any matter brought to the Committee's attention within the scope of its duties;
- To review annually and recommend to the Board changes as necessary to the terms of reference of the Board and its committees; and
- To make any other recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS, COMMITTEE MEETING AND GENERAL MEETINGS

	No. of meetings attended/No. of meetings held					
	Board meetings	Audit Committee meetings	Nomination Committee meetings	Remuneration Committee meetings	Corporate Governance Committee meetings	General Meetings
Executive Directors						
Mr. Tang Sing Ming Sherman	4/4	N/A	4/4	4/4	4/4	3/3
Mr. Lee Shun Hon, Felix *(resigned on 17 August 2012)*	2/2	N/A	N/A	N/A	N/A	2/2
Independent non-executive Directors						
Mr. Bhanusak Asvaintra	3/4	3/4	3/4	3/4	3/4	3/3
Mr. Chung Kwok Keung Peter	4/4	4/4	4/4	4/4	4/4	3/3
Mr. Chan Kam Fai Robert	4/4	4/4	4/4	4/4	4/4	3/3

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the Code Provision A.6.5 under Appendix 15 of the GEM Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

Reading materials on relevant topics will be issued to directors where appropriate. All Directors are encouraged to attend relevant training courses. The Company has provided reading materials on regulatory update to the Directors for their reference and studying.

During the review period, all Directors have participated in continuing professional development by reading relevant materials on topics related to corporate governance and regulatory matters.

CONTINUING PROFESSIONAL DEVELOPMENT (cont'd)

A summary of training received by the Directors since 1 April 2012 up to 31 March 2013 is as follows:

Board members	Type of training
Executive Directors	
Mr. Tang Sing Ming Sherman	reading materials
Mr. Lee Shun Hon, Felix *(resigned on 17 August 2012)*	reading materials
Independent non-executive Directors	
Mr. Bhanusak Asvaintra	reading materials
Mr. Chan Kam Fai Robert	reading materials
Mr. Chung Kwok Keung Peter	reading materials

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 23 April 2010 with written terms of reference in compliance with Code Provision B.1.2 under Appendix 15 of the GEM Listing Rules. The members of the Remuneration Committee consist of Mr. Tang Sing Ming Sherman and all independent non-executive Directors of the Company. The Chairman of the Remuneration Committee is Mr. Chan Kam Fai Robert.

Pursuant to Code Provision B.1.2(c) under Appendix 15 of the GEM Listing Rules, the Company has adopted the model in which the Remuneration Committee will make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The principal responsibilities of the Remuneration Committee include but not limited to the following:

- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- To evaluate the performance of all Directors and Senior Management and 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;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- To review annually the appropriateness and relevance of the remuneration policy;
- To administer the Company's share option schemes as they apply to Directors and/or senior management; and
- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

REMUNERATION COMMITTEE (cont'd)

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

The Remuneration Committee will meet at least once a year. During the financial year ended 31 March 2013, four meetings were held to review and discuss the remuneration of executive Directors and senior management.

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 23 April 2010 with written terms of reference in compliance with Code Provision A.5.2 under Appendix 15 of the GEM Listing Rules. The members of the Nomination Committee consist of Mr. Tang Sing Ming Sherman and all independent non-executive Directors of the Company. The Chairman of the Nomination Committee is Mr. Chung Kwok Keung Peter.

The principal responsibilities of the Nomination Committee include but not limited to the following:

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

- To identify individuals suitably qualified to become Directors and select or make recommendations to the Board in this regard;

- To assess the independence of independent non-executive Directors;

- To ensure that no Director or any of his/her associates is involved in approving his/her or any of his associates' nomination;

- To make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman and chief executive of the Company; and

- To make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

AUDITOR'S REMUNERATION

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

	Fee amount HK$'000
Audit services	870
Audit related services	242
	1,112

FINANCIAL REPORTING

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

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

INTERNAL CONTROL

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

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

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association of the Company, 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 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 secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requested shareholder(s) ("Requested Shareholders") himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requested Shareholders as a result of the failure of the Board shall be reimbursed to the Requested Shareholders by the Company.

SHAREHOLDERS' RIGHTS (cont'd)

Enquires to the Board

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available to the company secretary who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the chief executive officer.

Putting forward proposals at a general meeting

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the company secretary of the Company by written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening an extraordinary general meeting" above.

INVESTOR RELATIONS

During the year ended 31 March 2013, there had been no significant change in the Company's constitutional documents.

LOOKING FORWARD

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

From a global perspective, in year 2012, we have seen the economy of China slow down as the impact of the European financial crisis reached across the globe. The slowing down of growth in the economic giant influenced the performance in its neighbourhoods, including Hong Kong. Fortunately, the retail sector was generally robust in the region thanks to the continuous rise in the number of Mainland tourists.

During the reporting period, the food and beverage ("F&B") sector had witnessed continuous growth. Behind the prosperity, however, the industry had been facing great challenges. A severe shortage of retail floor areas in Hong Kong led to rent rates at retail shops spiraling upwards, which directly and indirectly causing operating difficulties to the F&B sector. Moreover, the implementation of statutory minimum wage in Hong Kong by the government had created fierce competition in the labour market. The F&B sector had to compete against other retailers and industries, like property management, security and cleaning for experienced labour. Amid such a tough business environment, improving in operating efficiency and cost control had become increasingly important for the industry.

Despite of the challenge, the Group's revenue from continuing operations for the year ended 31 March 2013 set a new record to HK$255.1 million (2012: HK$89.3 million), representing an increase of 186% compared with the last financial year, which was primarily by the addition of new dining concepts, new store openings and overall increase in customer flow.

BUSINESS REVIEW

The Group had initiated various new concepts, one of which was a well-established group of restaurants, café and cake shops originated from Japan. As the dining concept is already a very strong brand in the region, the new business had enjoyed solid sales growth and segment profit in fiscal year 2012/2013. After the acquisition, we had taken a dynamic approach to manage the brand concept. During the year, 4 new outlets had been opened, one of which was a crossover outlet designed by a Hong Kong illustrator. This was our very first theme store opened in the region and it had been warmly received by our customers. As part of the marketing campaign to celebrate the 25th anniversary of this dining concept in Hong Kong, we launched a membership programme to reward the loyalty of our customers. At the same time, we kept on expanding the menu to spark our customers interest. In coming fiscal year, we planned to grow this business to the Greater China region at an accelerated pace. We believe that the concept will be an important growth vehicle of the Group as the geographical coverage broadens.

Another dining concept we had initiated during the reporting year was Japanese curry specialty store. We are glad to report that within such a short period of time, this concept has already brought positive cash flow to the Group. As at the year end, we operated three stores in Hong Kong. And by adapting the successful Hong Kong business model for China, our first store for this concept in Shanghai was opened in late 2012. Since this is a young brand in its segment, we will allocate more resources on brand building in the coming year.

In early 2013, our Taiwanese beef noodle concept unveiled. It had been embraced by customers for the most regional Taiwanese style beef noodle in the market. Customers will continue to see improved food choices and refreshed menu in the months and years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the performance of one of our core brands, Japanese tonkatsu franchise, had missed management's expectation. We observed an increasing competition of this dining concept in Hong Kong. Therefore, growth of sales at Hong Kong stores slowed down. However, our Shanghai store had achieved an encouraging growth. We are especially excited by our progress in China and more stores for this brand will be opened in the coming fiscal year. In the year ahead, we will take a more disciplined approach to manage our tonkatsu franchise stores in Hong Kong. In particular, we will improve the service and food quality, enhance our operation efficiency and review our market positioning. In addition to the existing markets we operate, we will also seek for growth opportunities in other Asian markets.

Meanwhile, business of the Shanghainese dining group had picked up gradually and generated stronger cash flow to the Group. The quality food and services offered at our stores had attracted customers to come back frequently. We will adhere to our mission to provide the best-quality service and bring the freshest seasonal ingredients to our customers.

For our self-developed wellness café concept, the results of which had lagged behind other concepts in our portfolio. We observed a slowdown in customer traffic in the stores. We are monitoring each store carefully and reviewing every detail in our operation in order to formulate a comprehensive strategy to tackle with the situation.

During the reporting period, sales of our catering services company remained stable. The gross profit margin, however, had declined slightly due to the increase in cost of production. In the coming year, it will continue to support our outlets.

FUTURE PROSPECTS

As we have outlined the blueprint for development and expansion in the F&B sector for the coming years, our efforts will be dedicated to the implementation of our business plan to materialize our growth. In fiscal year 2013/2014, we expect the global economy will exhibit some similarities with the conditions that prevailed in the last year. Therefore, apart from growing and expanding our F&B business, increase in operating efficiency and effective cost control also topped the corporate agenda. Also, we will enter into a fiscal year with a more rigorous and disciplined approach to manage our store portfolio.

To sustain our growth and reinforce our footing in the industry, we will continue to expand our store network under the current portfolio. Leveraging on the success of our restaurants, café and cake shops concept in the region, we will introduce the brand to major cities in the Greater China. After the reporting period, two stores have been opened in Shanghai to test the market receptivity. We have also extended our footprint to Taiwan by opening the first café in the region. Another location has been secured and will be opened in Taipei for running a cake shop and café.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Japanese tonkatsu franchise business, we are reevaluating the current strategy to adopt the ever changing market condition. On another front, we will continue to open new stores in the existing markets we operate as well as expanding to untapped overseas markets should the opportunity arrive. A store in Hong Kong is currently under renovation and will be opened in a few months time. By replicating our successful model from the Shanghai store, we will speed up the network expansion plan in the territory. Two additional stores will be opened in the region very soon.

We consider that the two lately introduced dining concepts, the Japanese curry specialty store and Taiwanese beef noodle, are relatively young and unfamiliar brands in the region. Our strategy and commitment will be mainly on brand building while with a moderate network expansion.

After the reporting period, we have concluded the market study for ramen and izakaya concepts. The first ramen store has been confirmed. We expect that the first ramen store will be opened soon. Observing a gaining popularity of Japanese cuisine in Asia, we will continue to explore other Japanese dining concepts to introduce to our customers.

As mentioned, we will also focus on enhancing our efficiency to maintain a reasonable profit margin. In addition to the cake factory and the catering services company, planning of a new food processing plant with a distribution centre is underway with a hope to take over the majority of back-end food preparation. We expect that the central kitchen and the distribution centre will commence operation before the end of this fiscal year.

Finally, we will review the concept of each shop that has not performed up to management's expectation. We will formulate a comprehensive strategy, including redefining the concept, market repositioning and revamping the store to improve their results.

Looking ahead, we will implement our business expansion plan with caution and care in order to accomplish our goal as a leading hospitality group in the region. As innovation is cornerstone for success, we will continue to search for or develop new concepts to delight our customers and more importantly, to generate value to the Company.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2013, the Group recorded a total turnover of HK$256.5 million (2012: HK$138.4 million), representing an increase of 85% compared with the previous year. Turnover generated from the continuing operations, food and beverage business, was HK$255.1 million (2012: HK$89.3 million), representing an increase of 186% compared with the previous year.

Net loss attributable to owners of the Company was HK$17.9 million (2012: HK$16.0 million).

Gross profit

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

Expenses

Total operating expenses for the continuing operations increased by 170% to HK$175.6 million (2012: HK$65.1 million). Such increase was mainly attributable to the increase in staff and overheads costs as resulted from more outlets under different brand concepts have been opened and more corporate expenses incurred by the Group in terms of business growth and combination during the fiscal year.

Financial resources and liquidity

The Group generally relies on internal funds and facilities granted by its bankers and the executive director to finance its operation.

As at 31 March 2013, current assets amounted to HK$92.5 million (2012: HK$77.5 million) of which HK$34.6 million (2012: HK$30.2 million) was cash and bank deposits, HK$37.6 million (2012: HK$15.5 million) was debtors, deposits and prepayment. The assets of a disposed group classified as held for sale amounted to HK$15.1 million as at 31 March 2012. The Group's current liabilities amounted to HK$80.4 million (2012: HK$70.8 million), including creditors, accruals and deposits received in the amount of HK$47.2 million (2012: HK$21.5 million). The convertible bonds as at 31 March 2012 and liabilities directly associated with assets held for sale as at 31 March 2012 were HK$37.9 million and HK$7.5 million respectively.

Current ratio and quick assets ratio as at 31 March 2013 was 1.15 and 1.10 respectively (2012: 1.10 and 1.08 respectively). Debt-to-equity ratio, expressed as a ratio of total debts less pledged time deposits, pledged bank balance, time deposits and cash and bank balances to total equity, was 2.16 (2012: 0.88).

Foreign exchange

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

Charges on the Group's assets

Except for the pledged bank deposit, there were no Group's assets have been pledged or charged as at 31 March 2013 and 2012.

Capital commitments

As at 31 March 2013 and 2012, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2013 and 2012, the Group did not have material contingent liabilities.

Subsequent events

(i) On 19 April 2013, the Company granted share options to eligible participants (the "Grantees") to subscribe for a total of 26,500,000 ordinary shares with par value of HK$0.01 each in the capital of the Company under the share option scheme adopted on 20 July 2012 ("New Share Option Scheme").

(ii) On 8 May 2013, a wholly-owned subsidiary of the Company, Marvel Success Limited ("Marvel Success") has executed the third supplemental deed with PJ Partners Pte Limited ("PJ Partners"), pursuant to which the maturity date of the PJ Convertible Bond (as defined below) has been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

Other financial assets

On 10 February 2010, a wholly-owned subsidiary of the Company, Marvel Success subscribed at face value, a two-year 5% convertible bond ("PJ Convertible Bond") in the principal amount of US$2,000,000 (equivalent to approximately HK$15,500,000 as at 31 March 2012) issued by PJ Partners, a company which is incorporated in Singapore with limited liability and is engaged in food and beverage management business, with transaction costs of HK$1,300,000. According to the terms of the subscription agreement, the conversion price is lower of the net asset value per share or 2.5 times the net profit per share of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US$2,000,000 to convert to shares of PJ Partners up to 75% or minimum 25% of the issued share capital of PJ Partners. Pursuant to the subscription agreement, 株式会社 PJ Partners (being the holding company of PJ Partners and is principally engaged in operation and management of restaurants in Tokyo) and Mr. Seiki Takahashi (being the single largest shareholder of 株式会社 PJ Partners) had executed the deed of guarantee, whereby the 株式会社 PJ Partners and Mr. Seiki Takahashi guaranteed to Marvel Success the due and punctual performance and observance by PJ Partners of all its obligations under the PJ Convertible Bond.

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

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

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

As at 31 March 2012 and 31 March 2013, the management assessed the possibility of conversion to the shares of PJ Partners by referring to PJ Partners' financial performance and future prospect and concluded that the conversion was not likely to occur unless there were any changes in PJ Partners' financial performance and future prospect. Accordingly, the carrying amount of derivate component of PJ Convertible Bond was revalued to zero since 31 March 2011.

Instead of conversion of PJ Convertible Bond to the shares of PJ Partners, it is the Group's intention to acquire certain companies and businesses of PJ Partners and its associates. In order to facilitate the negotiation of this potential acquisition, on 4 February 2013, Marvel Success executed a second supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success. As at 31 March 2013, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary based on the financial situations of PJ Partners and the guarantors of the PJ Convertible Bond as well as the past settlement histories in relation to the interest payment of the PJ Convertible Bond.

As Marvel Success and PJ Partners are still in the course of discussing the targets for and the terms of the proposed acquisition in relation to the acquisition of certain companies and business of PJ Partners and its associates, Marvel Success executed a third supplemental deed on 8 May 2013 with PJ Partners under which the maturity date of the PJ Convertible Bond has been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

Save as disclosed above, during both years under review, there was no ongoing financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and remuneration policies

As at 31 March 2013, the Group had 891 employees in Hong Kong and the PRC (2012: 428). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of New Share Option Scheme as well as the previous the share option scheme adopted on 26 February 2003 ("Old Share Option Scheme").

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Tang Sing Ming Sherman, aged 56, is the Chairman of the Board of Directors and the Chief Executive Officer of the Company. He completed his tertiary education in the United States of America and is a seasoned entrepreneur in hospitality management and consultancy services. He owns a well-established hospitality group in Hong Kong which creates and operates a wide variety of food and beverage concepts. He has extensive experience in investment and operation of restaurants, cafes and bars. He is currently in charge of strategic planning, business development and policy making of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Bhanusak Asvaintra, aged 68, obtained degrees from University of Pennsylvania and University of Chicago. Mr. Asvaintra held senior executive positions with the Chase Manhattan Bank group in New York, Hong Kong and Singapore in the 1970s. In 1980, Mr. Asvaintra joined the Charoen Pokphand group of companies (the "Pokphand Group") and retired as the Chief Executive Officer of the Pokphand Group in 1998. Mr. Asvaintra is currently an Independent non-Executive Director of Dickson Concepts (International) Limited, a company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 113), since he was appointed to the post in September 2004.

Mr. Chan Kam Fai Robert, aged 56, has over 30 years' experience in international advertising agencies and multimedia operations, both in Hong Kong and mainland China. He is currently a director of an outdoor media specialist company.

Mr. Chung Kwok Keung Peter, aged 59, has over 20 years' experience in manufacturing business. He was a Director of Racing Champions Corporation, the shares of which are listed on the NASDAQ Stock Market in the United States of America, from April 1996 to May 2008. Mr. Chung is currently an operating partner of a private equity business.

SENIOR MANAGEMENT

Ms. Wong Siu Wa, aged 46, joined the Group in 2013. Ms. Wong is the Assistant Chief Executive Officer of the Group. Ms. Wong has acquired substantial management experience in F&B business. Before joining the Group, she has been in the senior management position in other key F&B participants in Hong Kong for more than 10 years. Ms. Wong is responsible for overseeing corporate management and in charge of Japanese restaurants, café and cake shops of the Group. Ms. Wong holds a Bachelor of Social Sciences (Hons) degree in Communication in Public Relations/Advertising.

Ms. Cheung Nga Kuen, aged 51, joined the Group in 2010. Ms. Cheung is the Senior Manager, Corporate Development, of the Group. She is responsible for the overall operations and store development of Shanghainese cuisine restaurants and Taiwanese beef noodle concept. She also oversees the human resources, administration and leasing affairs of the Group. Prior to joining the Group, she has been engaged in corporate development and management for over 10 years in different businesses. Ms. Cheung holds a Master of Business Administration degree and is a graduate member of The Hong Kong Institute of Chartered Secretaries.

SENIOR MANAGEMENT (cont'd)

Mr. Chan Wai Wong, aged 48, joined the Group in 2010. He is the Head of Corporate Affairs Department. He obtained a Bachelor of Commerce degree from the University of New South Wales, Australia and a Master of Business Administration degree from The Chinese University of Hong Kong. Mr. Chan has over 20 years of experience in auditing, consulting, financial management and business development and is responsible for overseeing the corporate development of the Group. Professionally, Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

Mr. Ho Fung, aged 47, joined the Group in 2013 as General Manager, China. He is responsible for business strategies and development of the Group in the PRC. Prior to joining the Group, Mr. Ho has over 20 years experience in retail and chain-stores management. Mr. Ho holds a Diploma in Hotel Management from University of East Asia, Macau.

Mr. Lam Yiu Chung Billy, aged 44, joined the Group in 2010. He is responsible for the operation of overseas business and development of the Group. Prior to joining the Group, he has acquired substantial experience in the operation and management of hospitality industry especially in franchise operations and development. Mr. Lam holds a Higher Diploma in Hotel and Catering Management from The Hong Kong Polytechnic.

Mr. Ho King Yee, aged 37, joined the Group in 2006. He is the Financial Controller and Company Secretary of the Group. Mr. Ho is responsible for financial management, compliance reporting and company secretarial affairs of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants. He has more than 10 years of auditing and accounting experiences. Prior to joining the Group, he has worked in international certified public accountants firms. Mr. Ho holds a Bachelor of Arts degree in Accountancy from The Hong Kong Polytechnic University.

Mr. Chan Hoi Wing, Tewick, aged 48, joined the Group in 2010 as Manager, Internal Control. He is responsible for internal control, management report and MIS system setting as well as its continuous improvement both in Hong Kong and the PRC. Mr. Chan was trained in an international certified public accountants firm and has over 15 years of experience in hospitality industry where he was in charge of accounting and operational control. Mr. Chan holds a Bachelor degree in Accounting from University of Liverpool, United Kingdom and a Master degree in Hotel and Tourism Management from The Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chiu Ying Keung, aged 48, joined the Group in 2013. Mr. Chiu is the Brand General Manager of the Group and is responsible for the overall operations and store development for the Group's Japanese restaurants in Hong Kong and the PRC. Prior to joining the Group, Mr. Chiu has over 20 years experience in F&B industry for various regions including Hong Kong, Beijing and Northeast China. Mr. Chiu holds a Bachelor degree in Business Administration in the University of Western Sydney and a Diploma in Company Management in The Chinese University of Hong Kong.

Ms. Choi Chor Ha, aged 44, joined the Group in 2012 as the General Manager of Production & Business Logistics. She is responsible for planning, development and operation of central food processing plants and logistics. She has over 20 years of experience in quality assurance, mass production, plant operation and product development. Ms. Choi holds a Master of Philosophy degree from The Hong Kong Polytechnic University and a Bachelor of Science degree from The Chinese University of Hong Kong.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders their annual report together with the audited consolidated financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2013 are set out in the consolidated statement of comprehensive income on pages 38 and 39.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2013.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2013 and the assets and liabilities of the Group as at 31 March 2009, 2010, 2011, 2012 and 2013 are set out on pages 115 and 116.

PLANT AND EQUIPMENT

The Group purchased and disposed of plant and equipment in the amount of approximately HK$26,629,000 and HK$572,000, respectively, during the year ended 31 March 2013. Detailed movements in plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

CONVERTIBLE BONDS

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

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 42 and note 27 to the consolidated financial statements respectively.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions disclosed in note 38 to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The details of connected transactions during the year under the GEM Listing Rules are set out in note 38 to the consolidated financial statements. These connected transactions fall under the definition of "connected transaction" in Chapter 20 of the GEM Listing Rules and the Company confirmed that it had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Mr. Tang Sing Ming Sherman *(Chairman)*
Mr. Lee Shun Hon, Felix *(resigned on 17 August 2012)*

Independent non-executive Directors:

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

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

The term of independent non-executive directorships of Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter under each of their respective letter of appointment is 3 years from 18 February 2013 to 17 February 2016 unless terminated by either party giving to the other not less than 1 month notice.

The executive Director, Mr. Tang Sing Ming Sherman, had entered into a service contract for 3 years commencing from 18 February 2013. The said service contract may be terminated by either party at any time by giving to the other not less than 1 month written notice or payment of salary in lieu of notice.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (cont'd)

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

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules as at 31 March 2013 and the Company still considers the independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 22 to 23 of this Annual Report.

SHARE OPTIONS

The Company has adopted a share option scheme on 26 February 2003 ("Old Share Option Scheme') and a share option scheme on 20 July 2012 ("New Share Option Scheme") (collectively referred to as "the Share Option Schemes"). The Old Share Option Scheme has terminated on the date when the New Share Option Scheme came into effect, while the provisions of the Old Share Option Scheme shall remain in force and all existing options granted under the Old Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance therewith. The details of the Share Option Schemes are as follows:

Share Option Schemes

The purpose of the Share Option Schemes is to provide the participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

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

SHARE OPTIONS (cont'd)

Share Option Schemes (cont'd)

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

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

Options may be exercised in whole or in part in the manner provided in the Share Option Schemes by a grantee (or, as the case may be, by his or her legal personal representative) giving notice in writing to the Company after it has vested at any time during the period (the "Option Period"), which shall be not more than ten years from the date an option is offered (the "Offer Date"). No performance target is required to be reached by the participant before any option can be exercised.

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

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

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

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date.

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

As at 31 March 2013, Share Options to subscribe for an aggregate of 48,500,000 shares (representing approximately 2.2% of the enlarged issued share capital of the Company) have been granted to the directors and employees of the Group.

Detailed movements of share options granted under the Share Option Schemes are set out in note 31 to the consolidated financial statements.

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

As at 31 March 2013, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital (Note 3)
Mr. Tang Sing Ming Sherman ("Mr. Tang") (Note 2)	Beneficiary of a trust	1,673,810,083 (Note 1)	74.63%

Notes:

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

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

2. Ms. Ho Ming Yee ("Ms. Ho"), the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

3. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2013.

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

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

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

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

Name	Date of grant	Exercise price per share (Note 4) HK$	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Tang (Note 2)	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2013 to 22 December 2021	0.22%	5,000,000
	23 December 2011	0.062	From 23 December 2014 to 22 December 2021	0.22%	5,000,000
Mr. Bhanusak Asvaintra	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000

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

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

Name	Date of grant	Exercise price per share (Note 4) HK$	Exercisable period	Approximate percentage of the issued share capital (Note 3)	Number of share options outstanding
Mr. Chan Kam Fai Robert	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.138	From 13 August 2011 to 12 August 2020	0.04%	1,000,000
	23 December 2011	0.062	From 23 December 2012 to 22 December 2021	0.02%	500,000
					19,500,000

Notes:

1. The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the principal amount of HK$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO, in the Convertible Bond held by Strong Venture.

2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

3. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2013.

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

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

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

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
Mr. Tang	First Glory (Note)	Beneficiary of a trust	1	100%

Note:

The one issued share in the share capital of First Glory (which constitutes the entire issued share capital of First Glory) was held by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust. Mr. Tang is the founder and one of the beneficiaries of the Family Trust.

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang (Note 2)	Interest in corporation	HK$80 million (Note 1)

Notes:

1. The said HK$80 million represents the outstanding principal amount of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, was issued pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK$0.080 per share.

2. Ms. Ho, the spouse of Mr. Tang, is deemed to be interested in the same number of shares held by Mr. Tang.

Save as disclosed herein, as at 31 March 2013, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the Directors and chief executive of the Company, as at 31 March 2013, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued capital** (Note 4)
HSBC Trustee (Cook Islands) Limited (Note 1)	Interest in corporation	1,673,810,083	74.63%
Glory Sunshine (Note 1)	Interest in corporation	1,673,810,083	74.63%
First Glory (Note 1)	Beneficial owner	1,673,810,083	74.63%
Strong Venture (Note 2)	Beneficial owner	1,000,000,000	44.58%
Ms. Ho (Note 3)	Interest in spouse	2,688,810,083	119.88%

Notes:

1. The said 1,673,810,083 shares of the Company are held by First Glory. First Glory is wholly-owned by Glory Sunshine. In turn, Glory Sunshine is wholly-owned by HSBC Trustee (Cook Islands) Limited in its capacity as the trustee of the Family Trust.

2. The said 1,000,000,000 shares represent the total number of shares which would be issued upon full conversion of the Convertible Bond held by Strong Venture, which is wholly-owned by Mr. Tang, and the Convertible Bond was issued in the principal amount of HK$80 million pursuant to which a total of 1,000,000,000 ordinary shares of the Company will be issued upon full conversion at the conversion price of HK$0.080 per share. Accordingly, Mr. Tang was deemed to be interested, within the meaning of Part XV of the SFO in the Convertible Bond held by Strong Venture.

3. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. Please refer to the section headed "Directors' interests in the securities of the Company or any associated corporations" for further details.

4. Based on 2,242,950,000 shares of the Company in issue as at 31 March 2013.

SHARE OPTIONS

As at 31 March 2013, options under the Old Share Option Scheme to subscribe for an aggregate of 48,500,000 shares have been granted to a total of 12 participants under the scheme who are directors and employees of the Group, details as follows:

	Date of grant	Exercisable period	Exercise price per share (Note 1) HK$	Outstanding at 1.4.2012 and 31.3.2013
Category 1: Directors				
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000
Mr. Bhanusak Asvaintra	13.08.2010	13.08.2011 – 12.08.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Mr. Chan Kam Fai Robert	13.08.2010	13.08.2011 – 12.08.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Mr. Chung Kwok Keung Peter	13.08.2010	13.08.2011 – 12.08.2020	0.138	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	500,000
Category 2: Employees				
	23.03.2010	23.03.2011 – 22.03.2020	0.210	2,000,000
	13.08.2010	13.08.2011 – 12.08.2020	0.138	6,000,000
	13.08.2010	13.08.2012 – 12.08.2020	0.138	6,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	3,800,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	6,200,000
Total of all categories				48,500,000

Notes:

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

2. Subsequent to the year under review, the Company has granted share options on 19 April 2013 to subscribe for a total of 26,500,000 shares under the New Share Option Scheme with an exercise price of HK$0.090 per share, of which: (a) 14,000,000 share options are exercisable from the period commencing on 19 April 2014 and expiring on 18 April 2023; and (b) 12,500,000 share options are exercisable from the period commencing on 19 April 2015 and expiring on 18 April 2023. Please refer the announcement of the Company dated 19 April 2013 for further details.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING INTERESTS

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

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

Given the cuisines and dining experiences that these restaurants offer vis-a-vis that are currently offered by the Group's restaurants (which include Japanese tonkatsu under the name of Ginza Bairin 銀座梅林, the Shanghainese dining restaurants under the brand Xia Fei 霞飛, wellness café concept under the names of Quick & Fresh and getgo fresh, restaurants, café and cake shops under the brands of Italian Tomato, the Japanese curry specialty stores under the name of Shirokuma Curry 白熊咖哩, a casual Japanese dining concept under the name of Daijoubu 大丈夫 and the concept of Taiwanese beef noodles under the brand name of Xiao Wang Beef Noodle 小王牛肉麵), Mr. Tang considers that the restaurants currently owned or operated by him and his associates (otherwise than through the Group) are not in competition with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 2.6% of the total sales for the year and sales to the largest customer included therein amounted to approximately 1%. Purchase from the Group's five largest suppliers accounted for approximately 26.4% of the total purchase for the year and purchase from the largest supplier included therein amounted to approximately 8.9%.

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

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

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

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

On behalf of the Board

Tang Sing Ming Sherman
Chairman
Hong Kong, 24 June 2013

INDEPENDENT AUDITOR'S REPORT

PKF
Accountants &
business advisers

大信梁學濂(香港)會計師事務所

26th Floor, Citicorp Centre
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EPICUREAN AND COMPANY, LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Epicurean and Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 114, which comprise the consolidated and Company's statements of financial position as at 31 March 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

AUDITOR'S RESPONSIBILITY (cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 Company and of the Group as at 31 March 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants
Hong Kong, 24 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Continuing operations			
Turnover	4	**255,065**	89,272
Cost of sales		**(83,424)**	(28,777)
Gross profit		**171,641**	60,495
Other income	5	**1,595**	1,118
Gain on bargain purchase of acquisition of a subsidiary	32(a)	**79**	–
Impairment loss on plant and equipment	13	**(4,775)**	–
Operating expenses		**(175,595)**	(65,080)
Operating loss		**(7,055)**	(3,467)
Finance costs	6(a)	**(5,484)**	(3,462)
Loss before income tax	6	**(12,539)**	(6,929)
Income tax expense	8(a)	**(409)**	(34)
Loss for the year from continuing operations		**(12,948)**	(6,963)
Discontinued operations			
Loss for the year from discontinued operations	9	**(4,752)**	(8,943)
Loss for the year	10	**(17,700)**	(15,906)
Other comprehensive loss, net of tax			
Exchange gain/(loss) arising from translation of financial statements of foreign operations		**142**	(616)
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**(1,211)**	–
		(1,069)	(616)
Total comprehensive loss for the year		**(18,769)**	(16,522)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Loss for the year attributable to:–			
Owners of the Company		**(17,922)**	(16,021)
Non-controlling interests		**222**	115
		(17,700)	(15,906)
Total comprehensive loss for the year attributable to:–			
Owners of the Company		**(18,991)**	(16,637)
Non-controlling interests		**222**	115
		(18,769)	(16,522)
Loss per share (HK cents)	12		
From continuing and discontinued operations			
– Basic		**(0.89)**	(1.23)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(0.66)**	(0.54)
– Diluted		**N/A**	N/A
From discontinued operations			
– Basic		**(0.23)**	(0.69)
– Diluted		**N/A**	N/A

The notes on page 45 to 114 form part of these consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2013

	Note	Group 2013 HK$'000	Group 2012 HK$'000	Company 2013 HK$'000	Company 2012 HK$'000
NON-CURRENT ASSETS					
Plant and equipment	13	**40,293**	21,818	**–**	–
Interests in subsidiaries	14	**–**	–	**144,937**	83,030
Goodwill on consolidation	15	**60,031**	4,936	**–**	–
Development costs	16	**–**	–	**–**	–
Other intangible assets	17	**25,958**	5,850	**–**	–
Deferred tax assets	18	**5,630**	2,852	**–**	–
		131,912	35,456	**144,937**	83,030
CURRENT ASSETS					
Other financial assets	19	**15,550**	15,550	**–**	–
Inventories	20	**4,395**	1,010	**–**	–
Debtors, deposits and prepayments	21	**37,633**	15,489	**119**	122
Income tax recoverable		**251**	121	**–**	–
Pledged bank deposit	36	**613**	–	**–**	–
Cash and cash equivalents	23	**34,012**	30,240	**804**	6,643
		92,454	62,410	**923**	6,765
Assets of a disposal group classified as held for sale	24	**–**	15,111	**–**	–
		92,454	77,521	**923**	6,765
DEDUCT:					
CURRENT LIABILITIES					
Convertible bonds	30	**–**	37,927	**–**	37,927
Amount due to a related company	22	**1,289**	1,289	**–**	–
Loan from a director	29	**10,000**	–	**–**	–
Bank loans, secured	28 & 36	**19,051**	387	**–**	–
Creditors, accruals and deposits received	25	**47,240**	21,537	**915**	1,472
Income tax payable		**2,817**	2,075	**–**	–
		80,397	63,215	**915**	39,399
Liabilities directly associated with assets held for sale	24	**–**	7,548	**–**	–
		80,397	70,763	**915**	39,399
NET CURRENT ASSETS		**12,057**	6,758	**8**	(32,634)

STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 31 March 2013

		Group		Company	
	Note	**2013** **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**143,969**	42,214	**144,945**	50,396
NON-CURRENT LIABILITIES					
Convertible bonds	30	**77,769**	–	**77,769**	–
Deferred tax liabilities	18	**3,356**	566	**–**	–
Amount due to a related company	22	**–**	1,289	**–**	–
Other payables	25	**435**	164	**–**	–
Bank loans, secured	28 & 36	**2,408**	–	**–**	–
		83,968	2,019	**77,769**	–
NET ASSETS		**60,001**	40,195	**67,176**	50,396
REPRESENTING:					
EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY					
Share capital	26	**22,430**	16,430	**22,430**	16,430
Reserves	27	**36,191**	22,607	**44,746**	33,966
		58,621	39,037	**67,176**	50,396
NON-CONTROLLING INTERESTS		**1,380**	1,158	**–**	–
TOTAL EQUITY		**60,001**	40,195	**67,176**	50,396

The notes on pages 45 to 114 form part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 24 June 2013

Tang Sing Ming Sherman
Director

Bhanusak Asvaintra
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company									
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.4.2011	10,953	(72,942)	77,312	3,801	1,871	502	2,100	23,597	–	23,597
Acquisition of subsidiaries – Note 32(b)	–	–	–	–	–	–	–	–	1,043	1,043
Recognition of equity-settled share-based payment expenses – Note 31	–	–	–	–	–	384	–	384	–	384
Release upon disposal of a subsidiary – Note 33(b)	–	–	–	–	(82)	–	–	(82)	–	(82)
Rights issue – Note 26	5,477	–	26,298	–	–	–	–	31,775	–	31,775
Total comprehensive loss for the year	–	(16,021)	–	–	(616)	–	–	(16,637)	115	(16,522)
At 31.3.2012 and 1.4.2012	16,430	(88,963)	103,610	3,801	1,173	886	2,100	39,037	1,158	40,195
Recognition of equity-settled share-based payment expenses – Note 31	–	–	–	–	–	403	–	403	–	403
Conversion of convertible bonds – Note 26 & 30	6,000	–	31,590	–	–	–	(1,939)	35,651	–	35,651
Repayment of convertible bonds	–	161	–	–	–	–	(161)	–	–	–
Recognition of equity component of convertible bonds – Note 30	–	–	–	–	–	–	2,521	2,521	–	2,521
Total comprehensive loss for the year	–	(17,922)	–	–	(1,069)	–	–	(18,991)	222	(18,769)
At 31.3.2013	**22,430**	**(106,724)**	**135,200**	**3,801**	**104**	**1,289**	**2,521**	**58,621**	**1,380**	**60,001**

The notes on pages 45 to 114 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax			
– continuing operations		**(12,539)**	(6,929)
– discontinued operations		**(4,410)**	(9,319)
Adjustments for:			
Foreign exchange loss/(gain)		**18**	(697)
Gain on bargain purchase of acquisition of a subsidiary		**(79)**	–
Interest income		**(19)**	(73)
Interest income from other financial assets		**(777)**	(780)
Imputed interest income from other financial assets		**–**	(280)
Interest on secured bank loans, repayable within five years		**879**	45
Interest expense on convertible bonds		**1,468**	1,172
Imputed interest expense on convertible bonds		**1,268**	1,213
Finance charges on obligation under finance lease		**–**	8
Depreciation of plant and equipment		**15,926**	7,864
Loss on disposal of plant and equipment		**303**	59
Loss on disposal of other intangible assets		**2**	–
Amortization of other intangible assets		**670**	257
Amortization of transaction costs on other financial assets		**–**	540
Equity-settled share-based payment expenses		**403**	384
Bad debts written off		**189**	–
Impairment loss on trade debtors		**–**	242
Impairment loss on plant and equipment		**4,775**	–
Unrealized loss on financial assets at fair value through profit or loss		**–**	211
Loss on disposal of subsidiaries		**3,839**	5,332
Operating profit/(loss) before working capital changes		**11,916**	(751)
Increase in inventories		**(1,068)**	(405)
Increase in debtors, deposits and prepayments		**(10,112)**	(5,145)
Decrease in amount due from a related company		**–**	515
Decrease in amount due to a related company		**–**	(439)
Increase in creditors, accruals and deposits received		**13,106**	12,349
Cash generated from operations		**13,842**	6,124
Income tax paid		**(3,708)**	(523)
Interest received		**19**	73
Interest received from other financial assets		**779**	778
Interests paid on bank loans, repayable within five years		**(879)**	(45)
Interest paid on convertible bonds		**(1,468)**	(1,172)
Finance charges on obligation under finance lease		**–**	(8)
NET CASH FROM OPERATING ACTIVITIES		**8,585**	5,227

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		**(26,629)**	(22,610)
Increase in pledged bank deposit		**(613)**	–
Net cash inflow/(outflow) arising from acquisition of subsidiaries	32	**6,054**	(7,153)
Sales proceeds from disposal of plant and equipment		**–**	29
Net cash (outflow)/inflow arising from disposal of interests in subsidiaries	33	**(4,365)**	1,905
Payment for acquisition of other intangible assets		**(4,488)**	(1,303)
NET CASH USED IN INVESTING ACTIVITIES		**(30,041)**	(29,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of convertible bonds		**(3,000)**	–
Net proceeds from rights issue		**–**	31,775
Increase in loan from a director		**10,000**	–
Capital element of finance lease rentals paid		**–**	(43)
Repayment of secured bank loans		**(2,695)**	(401)
Decrease in amount due to a related company		**(1,289)**	–
Increase in secured bank loans		**15,000**	–
NET CASH FROM FINANCING ACTIVITIES		**18,016**	31,331
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(3,440)**	7,426
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**37,379**	29,998
EFFECT OF EXCHANGE RATES CHANGES		**73**	(45)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	23	**34,012**	37,379

The notes on pages 45 to 114 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Epicurean and Company, Limited (the "Company") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 8/F., Pedder Building, 12 Pedder Street, Central, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") is engaged in the provision of food and beverage services. The Group also engaged in sales of application software packages and related maintenance service, which were discontinued during the year ended 31 March 2013 (see note 9).

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

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

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2012:–

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7 (2010)	Disclosures – Transfers of Financial Assets

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

2. BASIS OF PREPARATION (cont'd)

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

The following Hong Kong Financial Reporting Standards in issue at 31 March 2013 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2012:–

HKAS 19 (2011)	Employee Benefits [2]
HKAS 27	Separate Financial Statements [2]
HKAS 28	Investments in Associates and Joint Ventures [2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine [2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income [1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
Amendments to HKFRS 10	Investment Entities [3]
Annual improvements to HKFRSs (2009 – 2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32 [2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination and goodwill

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

(d) Revenue recognition

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

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

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

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

Revenue from provision of system development services was recognized when the services are provided.

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

Revenue from system enhancement was recognized upon acceptance by the customers.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Plant and equipment

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

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

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

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

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

(f) Intangible assets (Other than goodwill)

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

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

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

Development costs	5 years
Trade mark acquired	20 years
Franchise rights acquired	14 years
Brand name	10 years

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Interests in subsidiaries

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

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

(h) Investments

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

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

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

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

(ii) Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments (cont'd)

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

(i) Derivative financial instruments

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

(j) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial guarantees issued, provisions and contingent liabilities (cont'd)

(i) Financial guarantees issued (cont'd)

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 3(j)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 3(j)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 3(j)(iii).

(iii) Other provisions and contingent liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Borrowings and payables

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

(l) Convertible bonds that contain an equity component

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee benefits

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

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

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

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

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

(n) Impairment of assets

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

(o) Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Borrowing costs (cont'd)

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

(p) Inventories

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

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

(q) Income tax

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Cash and cash equivalents

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

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

(s) Leases

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Leases (cont'd)

(iii) Operating lease charges

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

(t) Related parties

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

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

(u) Foreign currency translation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Foreign currency translation (cont'd)

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

(v) Segment reporting

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

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

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

The Group has only one business segment for current year.

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

(i) Non-current assets held for sale

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

(ii) Discontinued operations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Critical accounting estimate and judgements

Key sources of estimation uncertainty

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

(i) Estimated useful lives of tangible and intangible assets

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

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

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

(iii) Impairment of convertible bonds

The Group estimates whether the impairment of convertible bond is considered necessary based on the latest financial situations and the past settlement histories of the issuer of the convertible bond and/or related guarantors. If the financial situations and the past settlement histories of the issuer of the convertible bond and/or related guarantors deteriorate, the impairment loss would be required.

(iv) Deferred tax assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Critical accounting estimate and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(v) Fair value of identifiable assets and liabilities acquired through business combination

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

(vi) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at the interest rate based on the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

4. TURNOVER

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

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Provision of food and beverage services and others	**255,065**	89,272	**–**	–	**255,065**	89,272
Provision of information solutions						
– System development and integration	**–**	–	**–**	3,977	**–**	3,977
– Maintenance and enhancement income	**–**	–	**–**	297	**–**	297
Sales of application software packages and related maintenance income	**–**	–	**1,483**	44,833	**1,483**	44,833
	255,065	89,272	**1,483**	49,107	**256,548**	138,379

5. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Interest income from other financial assets	**777**	780	**–**	–	**777**	780
Imputed interest income from other financial assets	**–**	280	**–**	–	**–**	280
Amortization of transaction costs on other financial assets	**–**	(540)	**–**	–	**–**	(540)
	777	520	**–**	–	**777**	520
Interest income	**19**	1	**–**	72	**19**	73
Exchange gain	**–**	547	**–**	151	**–**	698
Service fee income	**581**	–	**–**	–	**581**	–
Miscellaneous items	**218**	50	**–**	–	**218**	50
	1,595	1,118	**–**	223	**1,595**	1,341

6. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Loss before income tax is arrived at after charging:						
(a) Finance costs:–						
Interests on secured bank loans, repayable within five years	**879**	45	**–**	–	**879**	45
Interest expense on convertible bonds	**1,468**	1,172	**–**	–	**1,468**	1,172
Finance charge on obligation under finance lease	**–**	–	**–**	8	**–**	8
Imputed interest expenses on convertible bonds – Note 30	**1,268**	1,213	**–**	–	**1,268**	1,213
Other bank charges	**1,869**	1,032	**1**	14	**1,870**	1,046
	5,484	3,462	**1**	22	**5,485**	3,484
(b) Other items:–						
Amortization of other intangible assets	**670**	257	**–**	–	**670**	257
Bad debts written off	**189**	–	**–**	–	**189**	–
Depreciation	**15,886**	7,117	**40**	747	**15,926**	7,864
Auditor's remuneration	**1,111**	834	**1**	10	**1,112**	844
Exchange loss	**18**	–	**–**	–	**18**	–
Operating lease rentals for properties	**47,162**	16,892	**204**	2,004	**47,366**	18,896
Directors' remuneration – Note 7(a)	**965**	1,568	**–**	–	**965**	1,568
Other staff salaries and benefits	**68,303**	25,087	**1,143**	19,944	**69,446**	45,031
Retirement scheme contributions	**2,598**	856	**33**	1,891	**2,631**	2,747
Equity-settled share-based payment expenses	**213**	276	**–**	–	**213**	276
Other staff costs	**71,114**	26,219	**1,176**	21,835	**72,290**	48,054
Impairment loss on trade debtors	**–**	–	**–**	242	**–**	242
Impairment loss on plant and equipment	**4,775**	–	**–**	–	**4,775**	–
Cost of inventories sold	**83,424**	28,777	**–**	–	**83,424**	28,777
Loss on disposal of plant and equipment	**303**	–	**–**	59	**303**	59
Loss on disposal of other intangible assets	**2**	–	**–**	–	**2**	–
Unrealized loss on financial assets at fair value through profit or loss	**–**	–	**–**	211	**–**	211

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

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

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

No Directors waived any emoluments during the year.

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

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

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
2013					
Executive Directors:					
Mr. Tang	–	120	6	169	295
Mr. Lee Shun Hon, Felix (resigned on 18 August 2012)	–	289	–	–	289
	–	**409**	**6**	**169**	**584**
Independent non-executive Directors:					
Mr. Bhanusak Asvaintra	120	–	–	7	127
Mr. Chan Kam Fai Robert	120	–	–	7	127
Mr. Chung Kwok Keung Peter	120	–	–	7	127
	360	**–**	**–**	**21**	**381**
	360	**409**	**6**	**190**	**965**

No directors waived any emoluments during the year.

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

(b) Five highest paid individuals

The remuneration of employees who were not Directors during the year and who were amongst the five (2012: four) highest paid individuals of the Group were as follows:–

	2013 **HK$'000**	2012 HK$'000
Basic salaries, allowances and benefits in kind	**2,601**	2,127
Equity-settled share-based payment expenses	**162**	181
Retirement scheme contributions	**81**	48
	2,844	2,356

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

	2013	2012
Nil – HK$1,000,000	**5**	4

8. INCOME TAX EXPENSE/(CREDIT)

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

	2013 **HK$'000**	2012 HK$'000
Continuing operations		
Current tax	**3,003**	1,616
Deferred tax – Note 18	**(2,594)**	(1,582)
	409	34
Discontinued operations		
Current tax	**–**	–
Deferred tax – Note 18	**342**	(376)
	342	(376)
Income tax expense/(credit)	**751**	(342)

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

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

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

(ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("PRC") are subject to Hong Kong Profit Tax and PRC Enterprise Income Tax at the rates of 16.5% and 25% respectively (2012: 16.5% and 25% respectively).

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

	2013 **HK$'000**	2012 HK$'000
Loss before income tax		
– Continuing operations	**(12,539)**	(6,929)
– Discontinued operations	**(4,410)**	(9,319)
	(16,949)	(16,248)
Tax effect at the Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**(2,797)**	(2,681)
Hong Kong and PRC tax rates differential	**231**	94
Tax effect of income that is not taxable	**(146)**	(361)
Tax effect of expenses that are not deductible	**3,523**	2,664
Tax effect of unused tax losses not recognized	**46**	–
Tax refund	**(106)**	(58)
Income tax expense/(credit)	**751**	(342)

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

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

(i) The unutilized tax losses accumulated in the Hong Kong subsidiaries of the Company amounted to approximately HK$1,741,000 (2012: approximately HK$10,723,000) can be carried forward indefinitely. The unutilized tax losses accumulated in the PRC subsidiaries amounted to approximately HK$230,000 (2012: HK$Nil) would expire in five years from the respective year of loss. Deductible temporary differences have not been recognized owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules, the gross amount of dividends received by the Company's subsidiary incorporated in Hong Kong from its PRC subsidiaries in respect of their profits generated since 1 January 2008 is subject to withholding tax at a rate of 5%. Under the Caishui (2008) No. 1, the undistributed profits of the PRC subsidiaries as at 31 December 2007 determined based on the relevant PRC tax rules and regulations are exempted from withholding tax. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, no deferred tax liability was provided as no profit is expected to be distributed by the PRC subsidiaries in the foreseeable future. As at 31 March 2013, the undistributed profits of the PRC subsidiaries amounted to approximately HK$75,000 (2012: HK$Nil). The corresponding unrecognized deferred tax liabilities were amounted to approximately HK$4,000 (2012: HK$Nil).

9. DISCONTINUED OPERATIONS

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

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

	2013 **HK$'000**	2012 HK$'000
Turnover	**1,483**	49,107
Cost of sales and services rendered	**(636)**	(17,744)
Gross profit	**847**	31,363
Other income	**–**	223
Loss on disposal of subsidiaries – Note 33	**(3,839)**	(5,332)
Operating expenses	**(1,417)**	(35,551)
Operating loss	**(4,409)**	(9,297)
Finance costs	**(1)**	(22)
Loss before income tax	**(4,410)**	(9,319)
Income tax (expense)/credit	**(342)**	376
Loss for the year	**(4,752)**	(8,943)

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

	2013 **HK$'000**	2012 HK$'000
Operating activities	**(1,174)**	640
Investing activities	**–**	(933)
Financing activities	**–**	(42)
	(1,174)	(335)

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company includes a loss of approximately HK$21,795,000 (2012: approximately HK$5,421,000) which has been dealt with in the financial statements of the Company.

11. DIVIDEND

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

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$17,922,000 (2012: HK$16,021,000) and the weighted average number of ordinary share of 2,009,525,000 (2012: 1,300,295,000 shares) in issue during the year ended 31 March 2013, calculated as follows:–

	2013		2012	
	Loss attributable to owners HK$'000	**weighted average number of ordinary shares**	Loss attributable to owners HK$'000	weighted average number of ordinary shares
Continuing operations	**(13,170)**	**2,009,525,000**	(7,078)	1,300,295,000
Discontinued operations	**(4,752)**	**2,009,525,000**	(8,943)	1,300,295,000
	(17,922)	**2,009,525,000**	(16,021)	1,300,295,000

Weighted average number of ordinary share

	2013 '000	2012 '000
Issued ordinary shares at the beginning of the year	**1,642,950**	1,095,300
Effect of conversion of convertible bonds – Note 30	**366,575**	–
Effect of rights issue – Note 26	**–**	204,995
Weighted average number of ordinary shares at the end of the year	**2,009,525**	1,300,295

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2012 and 2013.

13. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1.4.2011	5,875	6,637	467	12,979
Exchange adjustment	123	116	20	259
Acquisition of subsidiaries – Note 32(b)	346	888	–	1,234
Additions	15,147	6,296	1,167	22,610
Classified as held for sale – Note 24	(2,084)	(2,885)	(1,014)	(5,983)
Disposal	–	(336)	–	(336)
At 31.3.2012	19,407	10,716	640	30,763
Accumulated depreciation:				
At 1.4.2011	1,078	2,198	138	3,414
Exchange adjustment	12	40	8	60
Charge for the year	4,780	2,910	174	7,864
Classified as held for sale – Note 24	(366)	(1,545)	(234)	(2,145)
Written back on disposals	–	(248)	–	(248)
At 31.3.2012	5,504	3,355	86	8,945
Net book value:				
At 31.3.2012	13,903	7,361	554	21,818
Cost:				
At 1.4.2012	19,407	10,716	640	30,763
Exchange adjustment	45	8	–	53
Acquisition of subsidiaries – Note 32(a)	3,356	9,117	315	12,788
Additions	17,624	9,005	–	26,629
Disposal	(338)	(234)	–	(572)
At 31.3.2013	**40,094**	**28,612**	**955**	**69,661**
Accumulated depreciation:				
At 1.4.2012	5,504	3,355	86	8,945
Exchange adjustment	30	1	–	31
Charge for the year	9,393	6,321	172	15,886
Written back on disposals	(160)	(109)	–	(269)
At 31.3.2013	**14,767**	**9,568**	**258**	**24,593**
Impairment loss:				
At 1.4.2012	–	–	–	–
Impairment loss for the year	3,004	1,771	–	4,775
At 31.3.2013	**3,004**	**1,771**	**–**	**4,775**
Net book value:				
At 31.3.2013	**22,323**	**17,273**	**697**	**40,293**

14. INTERESTS IN SUBSIDIARIES

	2013 HK$'000	2012 HK$'000
Unlisted shares – Note 14(a)	–	11,187
Amounts due from subsidiaries – Note 14(c)	**144,937**	130,676
	144,937	141,863
Less: Impairment loss on investment cost	–	(11,187)
Less: Impairment loss on amount due from subsidiaries	–	(47,646)
	144,937	83,030

(a) The carrying value of the Company's interests in the subsidiaries as at 31 March 2012 is determined by the Directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to the reorganization which took place on 6 December 2001.

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

Name of company	Place of incorporation/ establishment	Attributable equity interest %		Issued/ registered capital	Principal activities
		Direct	Indirect		
Marvel Success Limited ("Marvel Success")	BVI	100	–	US$1	Investment holding
Epicurean Management (Asia) Limited ("EMAL")	Hong Kong	–	100	HK$1	Investment holding
I. T. H. K. Limited ("ITHK")	Hong Kong	–	100	HK$300,000	Provision of food and beverage services
Ginza Bairin (Greater China) Holdings Limited	Hong Kong	–	100	HK$2,000,000	Franchise and investment holding
Seton Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services
Albright Limited	Hong Kong	–	100	HK$500,000	Provision of food and beverage services

14. INTERESTS IN SUBSIDIARIES (cont'd)

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

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Attributable equity interest % Indirect	Issued/ registered capital	Principal activities
Truth Company Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Hobby Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
銀林(上海)餐飲有限公司	PRC	–	100	US$500,000	Provision of food and beverage services
Qualifresh Catering Limited ("Qualifresh")	Hong Kong	–	70	HK$3,350,000	Provision of food and processing solution and catering services
Origin Limited	Hong Kong	–	100	HK$100	Provision of food and beverage services
Broadwill Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadease Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Broadone Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Shirokuma (TM) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
Shirokuma (TY) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
Shirokuma (STC) Limited	Hong Kong	–	90	HK$1	Provision of food and beverage services
白熊(上海)餐飲有限公司	PRC	–	90	US$500,000	Provision of food and beverage services
Xiao Wang (CL) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services
Xiao Wang (HW) Limited	Hong Kong	–	100	HK$1	Provision of food and beverage services

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

15. GOODWILL ON CONSOLIDATION

	2013 **HK$'000**	2012 HK$'000
Cost:		
At the beginning of the year	**4,936**	3,449
Acquisition of subsidiaries – Note 32	**55,095**	3,208
Classified as held for sale	**–**	(1,721)
At the end of the year	**60,031**	4,936
Impairment:		
At the beginning of the year	**–**	1,721
Classified as held for sale	**–**	(1,721)
At the end of the year	**–**	–
Carrying amount:		
At the end of the year	**60,031**	4,936

Impairment test for goodwill

The recoverable amount has been determined based on a value in use calculation using cash flow projection which is based on financial budget approved by management covering a period of five years. The discount rate applied to cash flow projection is 12.58% (2012: 9.33%).

15. GOODWILL ON CONSOLIDATION (cont'd)

Impairment test for goodwill (cont'd)

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

– *Budgeted turnover*

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

– *Budgeted gross margins*

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

– *Business environment*

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

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

16. DEVELOPMENT COSTS

	2013 HK$'000	2012 HK$'000
Cost:		
At the beginning of the year	–	52,277
Classified as held for sale	–	(52,277)
At the end of the year	–	–
Accumulated amortization:		
At the beginning of the year	–	25,339
Classified as held for sale	–	(25,339)
At the end of the year	–	–
Accumulated impairment loss:		
At the beginning of the year	–	26,938
Classified as held for sale	–	(26,938)
At the end of the year	–	–
Net book value:		
At the end of the year	–	–

17. OTHER INTANGIBLE ASSETS

	Trade mark HK$'000	Franchise rights HK$'000	Brand name HK$'000	Total HK$'000
Cost:				
At 1.4.2011	24	1,207	–	1,231
Acquisition of subsidiaries – Note 32(b)	–	–	3,636	3,636
Additions	218	1,085	–	1,303
At 31.3.2012	242	2,292	3,636	6,170
Accumulated amortization:				
At 1.4.2012	–	63	–	63
Charge for the year	–	84	173	257
At 31.3.2012	–	147	173	320
Net book value:				
At 31.3.2012	242	2,145	3,463	5,850
Cost:				
At 1.4.2012	242	2,292	3,636	6,170
Acquisition of subsidiaries – Note 32(a)	–	16,292	–	16,292
Additions	2	4,486	–	4,488
Disposal	–	(48)	–	(48)
At 31.3.2013	**244**	**23,022**	**3,636**	**26,902**
Accumulated amortization:				
At 1.4.2012	–	147	173	320
Charge for the year	–	312	358	670
Disposal	–	(46)	–	(46)
At 31.3.2013	**–**	**413**	**531**	**944**
Net book value:				
At 31.3.2013	**244**	**22,609**	**3,105**	**25,958**

18. DEFERRED TAX

The followings are deferred tax (assets)/liabilities recognized by the Group and movements thereon during the year were as follows:–

	Tax losses HK$'000	(Accelerated)/ decelerated Depreciation allowances HK$'000	Impairment loss on trade debtors HK$'000	Brand name HK$'000	Total HK$'000
At 1.4.2011	(46)	188	(466)	–	(324)
Brought forward from held for sale from last year	(1,805)	(12)	–	–	(1,817)
Exchange adjustment	(3)	–	(20)	–	(23)
Acquisition of subsidiaries – Note 32(b)	(820)	(617)	–	591	(846)
Classified as held for sale – Note 24	186	–	491	–	677
Disposal of subsidiaries – Note 33(b)	1,991	14	–	–	2,005
Credit for the year – Note 8(a)	(1,742)	(186)	(5)	(25)	(1,958)
At 31.3.2012 and 1.4.2012	(2,239)	(613)	–	566	(2,286)
Brought forward from held for sales from last year – Note 24	(186)	–	(491)	–	(677)
Exchange adjustment	7	–	–	–	7
Acquisition of subsidiaries – Note 32(a)	(302)	2,901	–	–	2,599
Disposal of subsidiaries – Note 33(a)	–	–	335	–	335
Credit for the year – Note 8(a)	(1,650)	(752)	156	(6)	(2,252)
At 31.3.2013	**(4,370)**	**1,536**	**–**	**560**	**(2,274)**

Represented by:–

	2013 HK$'000	2012 HK$'000
Deferred tax liabilities	**3,356**	566
Deferred tax assets	**(5,630)**	(2,852)
	(2,274)	(2,286)

19. OTHER FINANCIAL ASSETS

	2013 **HK$'000**	2012 HK$'000
Convertible bond – Unlisted		
– Loan receivable component (Current portion)	**15,550**	15,550

On 10 February 2010, a wholly-owned subsidiary of the Company, Marvel Success subscribed at face value, a two-year 5% convertible bond ("PJ Convertible Bond") in the principal amount of US$2,000,000 (equivalent to approximately HK$15,550,000 as at 31 March 2013) issued by PJ Partners Pte Limited ("PJ Partners"), a company which is incorporated in Singapore with limited liability and is engaged in food and beverage management business, with transaction costs of HK$1,300,000. According to the terms of the subscription agreement, the conversion price is lower of the net asset value per share and 2.5 times the net profit per share of PJ Partners at the time of conversion provided that Marvel Success is allowed to use US$2,000,000 to convert to shares of PJ Partners up to 75% or minimum 25% of the issued share capital of PJ Partners. Pursuant to the subscription agreement, 株式会社 PJ Partners (being the holding company of PJ Partners and is principally engaged in operation and management of restaurants in Tokyo) and Mr. Seiki Takahashi (being the single largest shareholder of 株式会社 PJ Partners) had executed the deed of guarantee, whereby the 株式会社 PJ Partners and Mr. Seiki Takahashi guaranteed to Marvel Success the due and punctual performance and observance by PJ Partners of all its obligations under the PJ Convertible Bond.

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

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

19. OTHER FINANCIAL ASSETS (cont'd)

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

As at 31 March 2012 and 31 March 2013, the management assessed the possibility of conversion to the shares of PJ Partners by referring to PJ Partners' financial performance and future prospect and concluded that the conversion was not likely to occur unless there were any changes in PJ Partners' financial performance and future prospect. Accordingly, the carrying amount of derivate component of PJ Convertible Bond was revalued to zero since 31 March 2011.

Instead of conversion of PJ Convertible Bond to the shares of PJ Partners, it is the Group's intention to acquire certain companies and businesses of PJ Partners and its associates. In order to facilitate the negotiation of this potential acquisition, on 4 February 2013, Marvel Success executed a second supplemental deed with PJ Partners under which the maturity date of the PJ Convertible Bond had been further extended to 9 May 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success. As at 31 March 2013, the management assessed the recoverability of PJ Convertible Bond and concluded that no impairment was considered necessary based on the financial situations of PJ Partners and the guarantors of the PJ Convertible Bond as well as the past settlement histories in relation to the interest payment of the PJ Convertible Bond.

As Marvel Success and PJ Partners are still in the course of discussing the targets for and the terms of the proposed acquisition in relation to the acquisition of certain companies and businesses of PJ Partners and its associates, Marvel Success executed a third supplemental deed on 8 May 2013 with PJ Partners under which the maturity date of the PJ Convertible Bond has been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

20. INVENTORIES

	2013 **HK$'000**	2012 HK$'000
Raw materials	**3,600**	1,010
Work in progress	**144**	–
Finished goods	**651**	–
	4,395	1,010

21. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Trade debtors	**9,337**	4,332	**–**	–
Less: Accumulated impairment loss (note 21(b))	**–**	–	**–**	–
	9,337	4,332	**–**	–
Rental and utility deposits	**24,662**	8,802	**–**	–
Prepayments	**2,397**	611	**119**	122
Interest receivable	**107**	109	**–**	–
Other debtors	**1,130**	1,635	**–**	–
	37,633	15,489	**119**	122

(a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers who entitled credit term of 30-45 days. For credit card settlements, the banks normally settle the balances wihtin 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, (net of allowance for doubtful debts) at the end of reporting period:–

	2013 HK$'000	2012 HK$'000
0 – 30 days	**7,404**	3,111
31 – 60 days	**1,475**	153
61 – 90 days	**75**	207
91 – 180 days	**88**	299
181 – 365 days	**295**	562
	9,337	4,332

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

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

	2013 HK$'000	2012 HK$'000
At the beginning of the year	**–**	2,809
Impairment loss for the year	**–**	242
Uncollectible amounts written off	**–**	(549)
Exchange adjustment	**–**	115
Classified as held for sale	**–**	(2,617)
At the end of the year	**–**	–

(c) Trade debtors that are not impaired

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

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	**5,639**	788
Past due but not impaired:		
0 – 30 days	**1,765**	2,323
31 – 60 days	**1,475**	153
61 – 90 days	**75**	207
91 – 180 days	**88**	299
181 – 365 days	**295**	562
	3,698	3,544
	9,337	4,332

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

(c) Trade debtors that are not impaired (cont'd)

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

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

22. AMOUNT DUE TO A RELATED COMPANY

The amount is interest-free and unsecured.

The amount due to a related company is repayable as follow:–

	2013 **HK$'000**	2012 HK$'000
Within one year – Current portion	**1,289**	1,289
More than one year but within five years – Non current portion	**–**	1,289
	1,289	2,578

Note: Mr. Tang has beneficial interest in the related company.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Time deposits	**–**	612	**–**	–
Cash and bank balances	**34,012**	29,628	**804**	6,643
	34,012	30,240	**804**	6,643
Cash and cash equivalents included in disposal group classified as held for sale – Note 24	**–**	7,139	**–**	–
	34,012	37,379	**804**	6,643

24. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

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

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

	Note	HK$'000
Assets		
Plant and equipment	13	3,838
Deferred tax	18	677
Debtors, deposits and prepayments		3,457
Time deposits	23	617
Cash and bank balances	23	6,522
Assets classified as held for sale		15,111
Liabilities		
Creditors, accruals and deposits received		7,548
Liabilities classified as held for sale		7,548
Net assets classified as held for sale		7,563

Accumulated income recognized directly in equity relating to disposal group classified as held for sale:–

	HK$'000
Exchange reserve	1,211

25. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:–

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors	**20,595**	6,470	**–**	–
Accruals and provisions	**17,795**	12,639	**915**	1,472
Other creditors	**9,285**	2,592	**–**	–
	47,675	21,701	**915**	1,472
Less: Classified in non-current liabilities	**(435)**	(164)	**–**	–
Classified in current liabilities	**47,240**	21,537	**915**	1,472

The following was an aging analysis of trade creditors:–

	2013	2012
	HK$'000	HK$'000
0 – 30 days	**10,423**	4,186
31 – 60 days	**9,797**	2,207
61 – 90 days	**303**	–
91 – 180 days	**65**	77
Over 180 days	**7**	–
	20,595	6,470

26. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

Ordinary shares of HK$0.01 each

	2013 Number of shares	**2013** HK$'000	2012 Number of shares	2012 HK$'000
Authorized:				
At the beginning and end of the year	**5,000,000,000**	**50,000**	5,000,000,000	50,000
Issued and fully paid:				
At the beginning of the year	**1,642,950,000**	**16,430**	1,095,300,000	10,953
Rights issue (i)	**–**	**–**	547,650,000	5,477
Conversion of convertible bonds (ii)	**600,000,000**	**6,000**	–	–
At the end of the year	**2,242,950,000**	**22,430**	1,642,950,000	16,430

Note:–

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

(ii) On 21 August 2012, convertible bonds amounted to HK$36,000,000 were exercised by the convertible bondholder, as a result the Company issued 600,000,000 ordinary shares of the Company of HK$0.01 each at a conversion price of HK$0.060 per share with issuing costs of approximately HK$33,000.

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

(b) Capital management

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

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less pledged bank deposit and cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital, share premium, accumulated losses and reserves). The debt-to-equity capital ratios at 31 March 2012 and at 31 March 2013 were as follows:–

	2013 **HK$'000**	2012 HK$'000
Total debts	**164,365**	72,782
Pledged bank deposit	**(613)**	–
Cash and cash equivalents	**(34,012)**	(37,379)
Net debt	**129,740**	35,403
Total equity	**60,001**	40,195
Debt-to-equity capital ratio	**2.16**	0.88

27. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year were set out below:

	Share premium HK$'000	Accumulated losses HK$'000	Employee share-based compensation reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000
The Company					
At 1.4.2011	87,298	(77,195)	502	2,100	12,705
Recognition of equity-settled share-based payment expenses – Note 31	–	–	384	–	384
Rights issue	26,298	–	–	–	26,298
Total comprehensive loss for the year	–	(5,421)	–	–	(5,421)
At 31.3.2012 and 1.4.2012	113,596	(82,616)	886	2,100	33,966
Recognition of equity-settled share-based payment expenses – Note 31	–	–	403	–	403
Conversion of convertible bonds – Note 30	31,590	–	–	(1,939)	29,651
Repayment of convertible bonds	–	161	–	(161)	–
Recognition of equity component of convertible bonds	–	–	–	2,521	2,521
Total comprehensive loss for the year	–	(21,795)	–	–	(21,795)
At 31.3.2013	**145,186**	**(104,250)**	**1,289**	**2,521**	**44,746**

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

(b) As at 31 March 2013, in the opinion of the Directors, the reserves of the Company available for distribution to the shareholders amounted to approximately HK$44,746,000 (2012: approximately HK$33,966,000), subject to the restrictions stated in note 27(a) above.

28. BANK LOANS – SECURED

	2013 HK$'000	2012 HK$'000
Bank loans, secured		
– within one year	**19,051**	387
– In the second to fifth year	**2,408**	–
	21,459	387

At 31 March 2013, the secured bank loans denominated in Hong Kong dollar and bear variable interest from 2.5% to 2.75% per annum over HIBOR. The weighted average effective interest rate on the bank loans is 3.02% per annum. The bank loans are secured by corporate guarantee provided by the Company.

At 31 March 2012, the secured bank loan is interest-bearing at 9.23% per annum, repayable within one year, denominated in Hong Kong dollar and secured by personal guarantee provided by a minority shareholder of a subsidiary of the Company.

29. LOAN FROM A DIRECTOR

The amount is interest free, unsecured and repayable on demand.

30. CONVERTIBLE BONDS

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

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

30. CONVERTIBLE BONDS (cont'd)

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

On 21 April 2010, First Glory converted a principal amount of HK$13,000,000 of the First Tranche Bonds to 200,000,000 ordinary shares of the Company at the conversion price of HK$0.065 per share with issuing costs of approximately HK$3,000.

On 21 August 2012, First Glory converted a principal amount of HK$36,000,000 of the First Tranche Bonds to 600,000,000 ordinary shares of the Company at the adjusted conversion price of HK$0.060 per share with issuing costs of approximately HK$3,000.

The remaining outstanding principal amount of HK$3,000,000 under the First Tranche Bonds was fully repaid by the Company on 16 January 2013.

On 21 August 2012, the Company issued convertible bonds in the principal amount of HK$80,000,000 (the "Second Tranche Bonds") to Strong Venture Limited ("Strong Venture") for the acquisition of subsidiaries (Note 32(a)). The Second Tranche Bonds are interest bearing at 2% per annum with a maturity date on 21 August 2015, which are convertible into shares of the Company at the conversion price of HK$0.080 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalization issues and rights issues) at any time after the issue date. Details of the convertible bonds are set out in the circular of the Company dated 30 July 2012.

The liability component included in the Second Tranche Bonds was initially recognized at approximately HK$77,225,000, represents the fair value of liability component of approximately HK$77,257,000 at the date of issue less transaction costs of approximately HK$32,000. The fair value of the liability component was estimated by discounted cash flows method using a market interest rate for an equivalent non-convertible debt.

The residual amount of approximately HK$2,521,000, representing the value of the equity conversion component of approximately HK$2,522,000 at the date of issue less transaction costs of approximately HK$1,000, was included in the convertible bonds equity reserve of the owners' equity.

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

30. CONVERTIBLE BONDS (cont'd)

Movement of liability component for the years ended 31 March 2013 and 2012 was as follows:–

	First Tranche Bonds HK$'000	Second Tranche Bonds HK$'000	Total HK$'000
At 1.4.2011	36,714	–	36,714
Imputed interest expenses – Note 6(a)	1,213	–	1,213
At 31.3.2012 and 1.4.2012	37,927	–	37,927
Value of liability component at initial recognition	–	77,225	77,225
Imputed interest expenses – Note 6(a)	724	544	1,268
Conversion during the year	(35,651)	–	(35,651)
Repaid during the year	(3,000)	–	(3,000)
At 31.3.2013	**–**	**77,769**	**77,769**

31. SHARE OPTIONS

The Company has adopted two share option schemes on 26 February 2003 ("Old Share Option Scheme") and on 20 July 2012 ("New Share Option Scheme"), respectively, (collectively referred to as the "Share Option Schemes").

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

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

31. SHARE OPTIONS (cont'd)

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

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

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

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

During the year ended 31 March 2012, 31,500,000 options were granted on 23 December 2011 under the Old Share Option Scheme. The estimated fair values of the options granted at the grant date are at an average of approximately HK$0.022.

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

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

No options were granted, exercised, lapsed or cancelled during the year ended 31 March 2013 under the Share Option Schemes.

Subsequent to year ended 31 March 2013 the Company has granted share options on 19 April 2013 to subscribe for a total of 26,500,000 shares under the New Share Option Scheme with an exercise price of HK$0.090 per share, of which: (a) 14,000,000 share options are exercisable from the period commencing on 19 April 2014 and expiring on 18 April 2023; and (b) 12,500,000 share options are exercisable from the period commencing on 19 April 2015 and expiring on 18 April 2023. Please refer the announcement of the Company dated 19 April 2013 for further details.

31. SHARE OPTIONS (cont'd)

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

	Date of grant	Exercisable period	Exercise price per share (Note) HK$	Outstanding at 1.4.2011	Granted during the year	Outstanding at 31.3.2012 and 1.4.2012	Granted during the year	Outstanding at 31.3.2013
Category 1: Directors								
Mr. Tang	23.12.2011	23.12.2012 – 22.12.2021	0.062	–	5,000,000	5,000,000	–	5,000,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	–	5,000,000	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	–	5,000,000	5,000,000	–	5,000,000
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	–	500,000	500,000	–	500,000
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	–	500,000	500,000	–	500,000
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 – 12.8.2020	0.138	1,000,000	–	1,000,000	–	1,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	–	500,000	500,000	–	500,000
Category 2: Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	–	2,000,000	–	2,000,000
	13.8.2010	13.8.2011 – 12.8.2020	0.138	6,000,000	–	6,000,000	–	6,000,000
	13.8.2010	13.8.2012 – 12.8.2020	0.138	6,000,000	–	6,000,000	–	6,000,000
	23.12.2011	23.12.2012 – 22.12.2021	0.062	–	3,800,000	3,800,000	–	3,800,000
	23.12.2011	23.12.2013 – 22.12.2021	0.062	–	5,000,000	5,000,000	–	5,000,000
	23.12.2011	23.12.2014 – 22.12.2021	0.062	–	6,200,000	6,200,000	–	6,200,000
Total of all categories				17,000,000	31,500,000	48,500,000	–	48,500,000

Note:–

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

31. SHARE OPTIONS (cont'd)

(b) Fair value of share options granted during the year ended 31 March 2012:–

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

	2012
Fair value at measurement date	HK$697,000
Share price	HK$0.061
Exercise price	HK$0.062
Expected volatility	39.376% – 41.323%
Expected dividend	Nil
Expected option period	4.3 – 6.3 years
Risk-free interest rate	1.049%

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

For the year ended 31 March 2012 and 2013, total equity settled share-based payment expenses recognized was as follows:–

	HK$'000
At 1.4.2011	324
Total equity-settled share-based payment expenses	697
Recognized in profit or loss for the year – Note 27	(384)
At 31.3.2012 and 1.4.2012	637
Recognized in profit or loss for the year – Note 27	(403)
At 31.3.2013	**234**

32. ACQUISITION OF SUBSIDIARIES

(a) During the year ended 31 March 2013, the Group completed the acquisition of the entire equity interest in Mark Limited and its subsidiaries (collectively referred to as the "Mark Group") on 20 August 2012, from Strong Venture, which is wholly and benefically owned by a director of the Company, Mr. Tang, at a total consideration of HK$80 million which was satisfied by Second Tranche Bonds (Note 30) issued by the Company. Mark Group is operating restaurants, café and cake shops in Hong Kong.

The Group also completed the acquisition of equity interest in Tomato Books Co., Limited ("Tomato"), which is operating a bookstore under the business name of "Tomato Books" in Hong Kong, at a total consideration of HK$510,000.

The Directors believe that through the acquisition of these subsidiaries, it offers business opportunities of the Group in developing new brands under the Group's food and beverage business that would further enhance the Group's income and strengthen the Group's market position.

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

	Note	Mark Group HK$'000	Tomato HK$'000	Total HK$'000
Net assets acquired:–				
Other intangible assets	17	16,292	–	16,292
Plant and equipment	13	12,788	–	12,788
Deferred tax assets	18	–	302	302
Income tax		367	–	367
Inventories		1,895	422	2,317
Debtors, deposits and prepayments		11,602	480	12,082
Cash and bank balances		6,477	87	6,564
Creditors, accruals and deposits received		(11,411)	(702)	(12,113)
Bank loans, secured		(8,767)	–	(8,767)
Income tax payable		(1,691)	–	(1,691)
Deferred tax liabilities	18	(2,901)	–	(2,901)
		24,651	589	25,240

32. ACQUISITION OF SUBSIDIARIES (cont'd)

(a) (cont'd)

	Note	Mark Group HK$'000	Tomato HK$'000	Total HK$'000
Gain on bargain purchase of acquisition of a subsidiary		–	(79)	(79)
Goodwill on acquisition of interest in subsidiaries	15	55,095	–	55,095
Consideration for acquisition of subsidiaries				
Satisfied by:–				
– Second Tranche Bonds		79,746	–	79,746
– Cash		–	510	510
Total		79,746	510	80,256
Net cash inflow/(outflow) arising from acquisitions:–				
Cash consideration paid		–	(510)	(510)
Cash and bank balances acquired		6,477	87	6,564
		6,477	(423)	6,054

Acquisition related costs incurred during the year to these acquisitions amounting to approximately HK$1,229,000 were included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed approximately profit of HK$4,720,000 and revenue of HK$92,996,000 to the Group's loss for the year and revenue for the year ended 31 March 2013, respectively, for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 April 2012, the Group's loss for the year and revenue for the year ended 31 March 2013 would be approximately HK$14,140,000 and HK$321,491,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the turnover and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2012, nor was it intended to be a projection of future result.

32. ACQUISITION OF SUBSIDIARIES (cont'd)

(b) During the year ended 31 March 2012, the Group completed the acquisition of 70% equity interest in Qualifresh, which is currently providing food processing solutions and catering services in Hong Kong, at a total consideration of HK$3.5 million.

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

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

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

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

32. ACQUISITION OF SUBSIDIARIES (cont'd)

(b) (cont'd)

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

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

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

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

33. DISPOSAL OF SUBSIDIARIES

(a) During the year ended 31 March 2013, the Group had disposed of the entire equity interest in ATHL(BVI) and its subsidiaries (collectively referred to as the "Armitage Group") in order to discontinue all the business of the provision of information solutions and design, development and sale of application software packages.

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

	Note	Armitage Group HK$'000
Net assets disposed of:–		
Plant and equipment		3,867
Deferred tax assets	18	335
Debtors, deposits and prepayments		3,276
Cash and bank balances		5,965
Creditors, accruals and deposits received		(6,793)
Net assets disposed of		6,650
Release of exchange reserve		(1,211)
		5,439
Loss on disposal of subsidiaries - Note 9(a)		(3,839)
Total consideration		1,600
Total consideration satisfied by:–		
Cash consideration		1,600
Net cash outflow arising from disposal:–		
Cash consideration		1,600
Bank balances, deposits and cash disposed of		(5,965)
		(4,365)

33. DISPOSAL OF SUBSIDIARIES (cont'd)

(b) During the year ended 31 March 2012, the Group entered into sale and purchase agreements to dispose of the entire equity interests of the Company's subsidiaries, Armitage Technologies Limited ("ATL(HK)") and Armitage Technologies (Shenzhen) Limited ("ATL(SZ)").

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

	Note	**ATL(SZ)** HK$'000	**ATL(HK)** HK$'000	**Total** HK$'000
Net assets disposed of:–				
Plant and equipment		195	873	1,068
Trademark		–	77	77
Deferred tax assets	18	–	2,005	2,005
Club debenture		–	200	200
Other financial assets		–	763	763
Debtors, deposits and prepayments		754	6,103	6,857
Amount due from a fellow subsidiary		–	5,750	5,750
Cash and bank balances		883	37	920
Obligations under finance lease		–	(379)	(379)
Amount due to a fellow subsidiary		(5,750)	–	(5,750)
Creditors, accruals and deposits received		(1,233)	(2,003)	(3,236)
Income tax payable		(36)	–	(36)
Net (liabilities)/assets disposed of		(5,187)	13,426	8,239
Release of exchange reserve		(82)	–	(82)
		(5,269)	13,426	8,157
Gain/(loss) on disposal of subsidiaries - Note 9(a)		5,369	(10,701)	(5,332)
Total consideration		100	2,725	2,825
Total consideration satisfied by:–				
Cash consideration		100	2,725	2,825
Net cash (outflow)/inflow arising from disposal:–				
Cash consideration		100	2,725	2,825
Bank balances, deposits and cash disposed of		(883)	(37)	(920)
		(783)	2,688	1,905

34. MAJOR NON-CASH TRANSACTIONS

(i) On 21 August 2012, the Group completed the acquisition of the entire equity interest in Mark Group from Strong Venture at a total consideration of HK$80,000,000 by issuing the Second Tranche Bonds of the Company.

(ii) On 31 August 2012, First Glory converted the First Tranche Bonds, equivalent to the principal amount of HK$36,000,000 to 600,000,000 ordinary shares of the Company at the conversion price of HK$0.060 per share.

35. CONTINGENT LIABILITIES

Financial guarantees issued

During the year ended 31 March 2013, the Company has issued guarantees to banks in respect of banking facilities of approximately HK$12,000,000 and HK$25,000,000 granted to wholly-owned subsidiaries, ITHK and EMAL respectively.

The subsidiaries are entities covered by guarantee arrangements issued by the Company to banks in respect of banking facilities granted to the subsidiaries which remain in force so long as the subsidiaries have drawn down under the banking facilities. Under the guarantees, the Company is a party to the guarantees for all borrowings of subsidiaries from the banks which are the beneficiaries of the guarantees.

As at the end of the reporting period, the Directors of the Company do not consider there is possibility that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the outstanding amount of the facilities drawn down by ITHK and EMAL which are approximately HK$6,459,000 and HK$15,000,000 respectively. Fair value of financial guarantee at inception date is immaterial, no provision and amortization on financial guarantee issued has been recognized in the Company's income statement.

Save as disclosed above, the Group did not have material contingent liabilities as at 31 March 2013 and 31 March 2012.

36. BANKING FACILITIES

As at 31 March 2013, the Group's bank facilities to the extent of HK$37,000,000 were secured by corporate guarantees provided by the Company. As at 31 March 2012, the Group's bank facilities to the extent of HK$387,000 were secured by personal guarantee provided by a minority shareholder of a subsidiary of the Company (Note 28).

As at 31 March 2013, pledged bank deposit of HK$613,000 represented the amount pledged to a bank for a guarantee issued for rental deposit to a landlord of the Group's restaurant held under operating lease.

37. OPERATING LEASE ARRANGEMENTS

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

	2013 **HK$'000**	2012 HK$'000
Within one year	**47,462**	16,045
More than one year but within five years	**50,481**	16,767
	97,943	32,812

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

38. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for amount due to a related company as disclosed in note 22, loan from a director as disclosed in note 29 and the acquisition of 100% interest in the Mark Group as disclosed in note 32(a), the Group had the following material transactions with its related parties in which certain Directors of the Company have controlling interest under the GEM Listing Rules during the year:–

		Note	2013 HK$'000	2012 HK$'000
(i)	Rental expense to Epicurean Management Limited#	(a)	**240**	200
(ii)	Interest expense on convertible bonds to First Glory##	(b)	**490**	1,172
(iii)	Interest expense on convertible bonds to Strong Venture#	(c)	**978**	–
(iv)	Provision of food and beverage services to ITHK###	(d)	**311**	293
(v)	Provision of food and beverage services to Kosmo Delight Limited ("Kosmo") △	(d)	**–**	1,819
(vi)	Rental expenses to Joint Allied Limited####	(d)	**731**	–

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

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

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

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

△ Mr. Chung Hoi Shuen was a member of the key management personnel of the Group and has equity interest in Kosmo and a subsidiary of the Company. During the year ended 31 March 2013, the Group had not provided any food and beverage services to Kosmo.

Notes:

(a) The amounts were predetermined by both parties.

(b) The interest rate was determined at 3% per annum as set out in the subscription agreement dated 22 December 2009.

(c) The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012.

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

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

The Directors (including the independent non-executive Directors) of the Company have reviewed the above related party and connected transactions and are of the opinion and confirm that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary and usual course of the business of the Group; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Key management compensation	**2013** **HK$'000**	2012 HK$'000
Fees for key management personnel	**360**	360
Salaries, allowances and other benefits in kind	**3,184**	4,187
Retirement scheme contributions	**97**	93
Equity-settled share-based payment expenses	**353**	107
	3,994	4,747

39. RETIREMENT BENEFIT COSTS

The Company's subsidiaries in Hong Kong had participated in the Mandatory Provident Fund Scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at (i) 5% on the employees' salaries or HK$1,000 whichever is the lower for the period from 1 April 2012 to 31 May 2012 and (ii) 5% on the employees' salaries or HK$1,250 whichever is the lower for the period from 1 June 2012 to 31 March 2013.

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

40. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

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

The carrying amounts of financial assets as at 31 March 2013, which represented the Group's and the Company's significant exposure to credit risks, were as follows:–

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Amount due from subsidiaries	**–**	–	**144,937**	83,030
Other financial assets				
– loan receivable component	**15,550**	15,550	**–**	–
Debtors and deposits	**35,237**	17,006	**–**	–
Pledged bank deposit	**613**	–	**–**	–
Time deposits	**–**	1,229	**–**	–
Cash and bank balances	**34,012**	36,150	**804**	6,643
	85,412	69,935	**145,741**	89,673

In respect of trade debtors, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Payments by customers are mainly on cash and credit card except for well established corporate customers who entitled credit term of 30-45 days. Normally, the Group does not obtain collateral from customers.

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

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

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

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

(a) Credit risk (cont'd)

The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 6% (2012: 25%) and 14% (2012: 41%) of the total trade debtors was due from the largest customers and five largest customers respectively.

Except for the financial guarantees given by the Company as set out in note 35, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 35.

(b) Liquidity risk

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

Maturities of the financial liabilities of the Group and the Company as at 31 March 2013 were as follows:–

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Total amounts of contractual undiscounted obligations:–				
Loan from a director	**10,000**	–	**–**	–
Bank and other loans, secured	**21,524**	387	**–**	–
Convertible bonds – liability component	**83,822**	40,010	**83,822**	40,010
Amount due to a related company	**1,289**	2,578	**–**	–
Creditors and accruals	**46,023**	27,901	**915**	1,472
	162,658	70,876	**84,737**	41,482
Due for payment:–				
Within one year or on demand	**78,007**	69,423	**2,515**	41,482
In the second to fifth year	**84,651**	1,453	**82,222**	–
	162,658	70,876	**84,737**	41,482
Financial guarantees issued:–				
Maximum amount guaranteed – Note 35				
Within one year or on demand	**–**	–	**21,459**	–

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

(c) Currency risk

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

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

	2013			2012		
	United Stated Dollars US$'000	**Renminbi RMB'000**	**Yen Yen'000**	United Stated Dollars US$'000	Renminbi RMB'000	Yen Yen'000
Other financial assets – loan receivables component	**2,000**	**–**	**–**	2,000	–	–
Debtors and deposits	**–**	**2,093**	**–**	–	4,753	–
Cash and bank balances	**946**	**3,233**	**278**	16	2,013	30
Gross exposure arising from recognized assets	**2,946**	**5,326**	**278**	2,016	6,766	30

The Group's operations are both in Hong Kong and the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Reminbi. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Since Hong Kong dollar is pledged to United States dollar, material fluctuation in the exchange rates of Hong Kong dollar against United States dollar is remote.

The Company did not have any material exposure to currency risk as all the financial assets and liabilities were denominated in its functional currency as at 31 March 2013 and 2012.

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

(c) Currency risk (cont'd)

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

	2013		2012	
	Appreciation/ (depreciation) in foreign exchange rates	**Increase/ (decrease) in loss after tax and accumulated losses HK$'000**	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in loss after tax and accumulated losses HK$'000
Renminbi	**5%**	**(333)**	5%	(416)
	(5%)	**333**	(5%)	416

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

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

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

(d) Interest rate risk

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

(i) Effective interest profile

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

	Group				Company			
	2013		2012		**2013**		2012	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000	**Effective interest rate %**	**HK$'000**	Effective interest rate %	HK$'000
Fixed rate financial assets								
– Pledged bank deposit	**0.20**	**613**	–	–	**–**	**–**	–	–
– Time deposits	**–**	**–**	0.17-0.18	1,229	**–**	**–**	–	–
– Other financial assets – loan receivable component	**5.00**	**15,550**	5.00	15,550	**–**	**–**	–	–
Fixed rate financial liabilities								
– Convertible bonds – liability component	**2.00**	**(77,769)**	3.00	(37,927)	**2.00**	**(77,769)**	3.00	(37,927)
Variable rate financial liability								
– Bank and other loans, secured	**2.73–3.14**	**(21,459)**	9.33	(387)	**–**	**–**	–	–
Variable rate financial assets								
– Bank balances	**0.01–0.05**	**25,664**	0.01-0.05	22,621	**0.01–0.05**	**804**	0.01-0.05	6,643
Net financial (liabilities)/assets		**(57,401)**		1,086		**(76,965)**		(31,284)

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

(d) Interest rate risk (cont'd)

(ii) It is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, the Group's and the Company's loss for the year ended 31 March 2013 and accumulated losses would be decreased by approximately HK$42,000 and HK$8,000 respectively (2012: HK$226,000 and HK$66,000).

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

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 March 2013 and 2012, the Group did not have any financial instrument which is subject to market price risk.

The Company did not have any financial instrument which is subject to market price risk at 31 March 2013 and 2012.

(f) Fair values

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their values as at 31 March 2013 and 2012.

41. SEGMENT AND ENTITY-WIDE INFORMATION

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

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

42. SUBSEQUENT EVENTS

(i) On 19 April 2013, the Company granted share options to eligible participants (the "Grantees") to subscribe for a total of 26,500,000 ordinary shares with par value of HK$0.01 each in the capital of the Company under the New Share Option Scheme on 20 July 2012.

(ii) On 8 May 2013, a wholly-owned subsidiary of the Company, Marvel Success has executed the third supplemental deed with PJ Partners, pursuant to which the maturity date of the PJ Convertible Bond has been further extended to 9 August 2013 or such later date to be mutually agreed in writing between PJ Partners and Marvel Success.

43. ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company as at 31 March 2013 to be Glory Sunshine Holding Limited, a company incorporated in BVI.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
CONTINUING OPERATIONS					
Turnover	–	–	32,226	89,272	**255,065**
Loss before income tax	–	–	(5,007)	(6,929)	**(12,539)**
Income tax expense	–	–	(658)	(34)	**(409)**
Loss for the year from continuing operations	–	–	(5,665)	(6,963)	**(12,948)**
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	(3,228)	(14,825)	(21,976)	(8,943)	**(4,752)**
Loss for the year	(3,228)	(14,825)	(27,641)	(15,906)	**(17,700)**
Attributable to:					
Owners of the Company	(3,228)	(14,825)	(27,641)	(16,021)	**(17,922)**
Non-controlling interests	-	-	-	115	**222**
Loss for the year	(3,228)	(14,825)	(27,641)	(15,906)	**(17,700)**

FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	At 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
NON-CURRENT ASSETS	20,742	34,992	12,785	35,456	**131,912**
CURRENT ASSETS	30,379	45,479	64,852	77,521	**92,454**
DEDUCT:					
CURRENT LIABILITIES	22,883	15,114	17,326	70,763	**80,397**
NET CURRENT ASSETS	7,496	30,365	47,526	6,758	**12,057**
TOTAL ASSETS LESS CURRENT LIABILITIES	28,238	65,357	60,311	42,214	**143,969**
NON-CURRENT LIABILITIES	(2,160)	(49,995)	(36,714)	(2,019)	**(83,968)**
NET ASSETS	26,078	15,362	23,597	40,195	**60,001**